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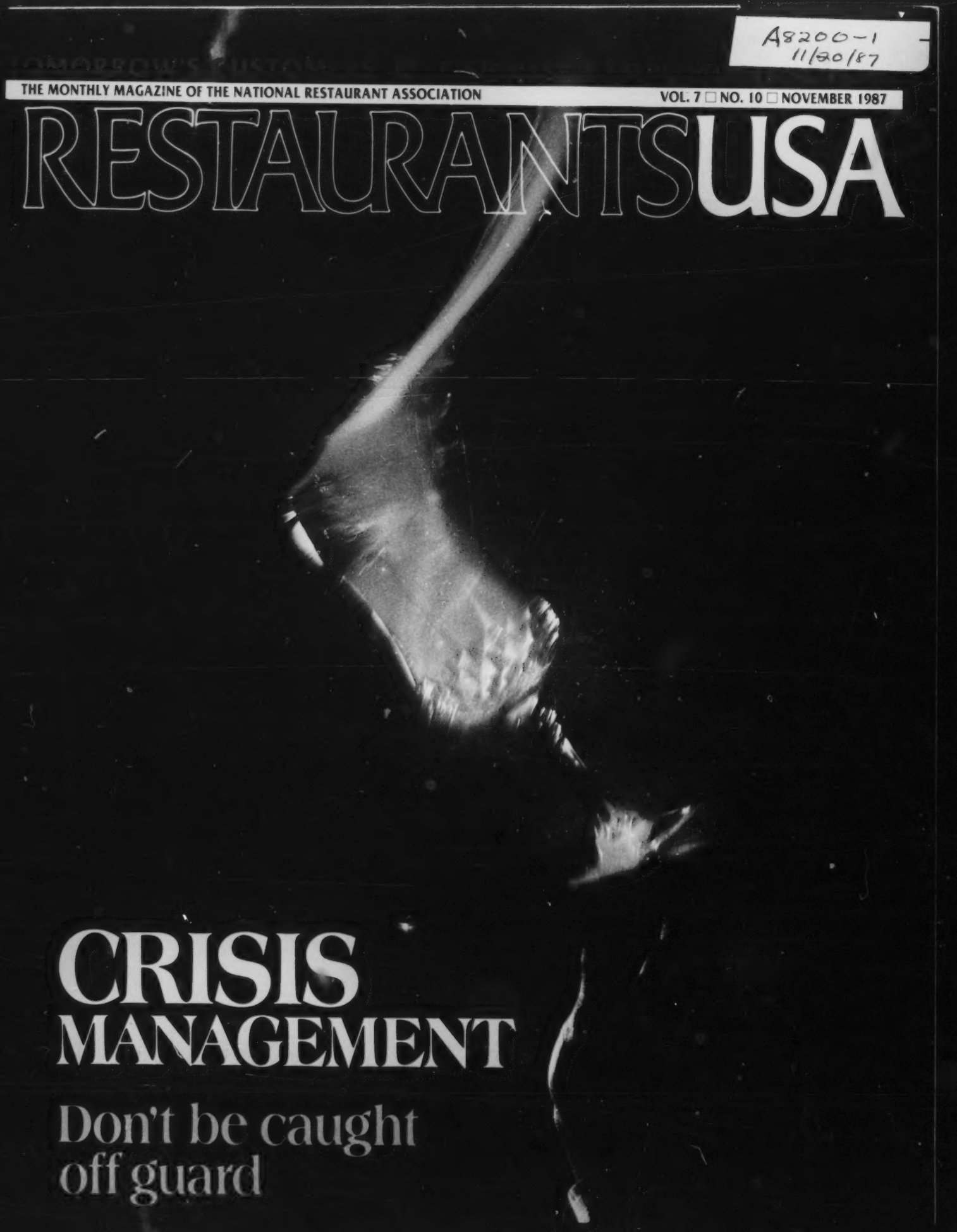
THE MONTHLY MAGAZINE OF THE NATIONAL RESTAURANT ASSOCIATION

VOL. 7 □ NO. 10 □ NOVEMBER 1987

RESTAURANTS USA



CRISIS MANAGEMENT

Don't be caught off guard

ASSOCIATION MEETINGS

SEMINARS

Basic Foodservice Courses

Dining Room Management
11/18 Tampa, FL
11/19 Milwaukee, WI
12/7 Aspen, CO
1/25 Washington, DC
1/27 Dallas, TX

Increasing Sales: Effective Front-of-the-House Management
11/16 Los Angeles, CA
11/17 Concord, CA
1/26 Oklahoma City, OK

Kitchen Management
12/1 Grand Rapids, MI
12/2 Bloomington, MN
12/7 Santa Monica, CA
12/8 Long Beach, CA
1/21 Oakland, CA
1/22 San Diego, CA

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Banquet Management
11/16 Baton Rouge, LA
11/18 Atlanta, GA

Beverage Management
11/17–18 Phoenix, AZ
12/8–9 Orlando, FL

Foodservice Computer Spreadsheets
1/20 Washington, DC

Foodservice Operators' Legal Workshop
11/16 Detroit, MI

Hiring in a Tight Labor Market
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1/27 New York, NY

Menus That Sell!
1/20 Ventura, CA
1/28 Newport Beach, CA

Off-Premises Catering
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11/30–12/1 Washington, DC
1/20–21 New Orleans, LA

Operational Analysis
12/3–4 Baltimore, MD

Planning and Implementing Restaurant Marketing Strategy
12/9–10 Chicago, IL

Planning Successful Buffets
12/7 Jacksonville, FL
1/25 Chicago, IL

Profitability
11/16 Nashville, TN
11/17 Bloomington, MN
12/8 Denver, CO
12/10 Atlanta, GA
1/20 Toronto, Ontario, Canada
1/22 Halifax, Nova Scotia, Canada

Real Estate and Restaurant Site Selection
11/30–12/1 Honolulu, HI
12/7–8 Seattle, WA
1/25–26 San Francisco, CA

Restaurant Design
12/8–9 Atlantic City, NJ

Server Selling Skills Training
1/27 Austin, TX

Wine and the Bottom Line
12/1 Providence, RI
12/3 Raleigh, NC

Wine Server Training
1/21 Philadelphia, PA

For more information, contact: National Restaurant Association Educational Foundation 311 First St., N.W. Washington, DC 20001 (800) 424-5156 or (202) 638-6100.
If your company is interested in our in-house programs, call or write to the attention of Frank Doyle at the above address.

NATIONAL CONFERENCES

Independent Foodservice Operators' National Conference
1/24–26 Miami, FL

National Conference on Computers in Foodservice
3/8–11 Orlando, FL

EXECUTIVE STUDY GROUP SERIES

Financial Officers
4/6–8 New Orleans, LA

Internal Auditors
4/26–29 Charleston, SC

Large Independent Operators
3/18–20 Monterey, CA

Management Information Systems (MIS—formerly EDP)
4/12–17 Scottsdale, AZ

Marketing Executives
5/18–21 Chicago, IL

Multi-unit Architects, Engineers and Construction Officers (MAECO)
5/18–20 Chicago, IL

Quality Assurance
April (TBA)

Tax Executives
4/6–8 New Orleans, LA

For more information on specific study groups, contact: Philip Kralovec, (312) 853-2525.

Published by the National Restaurant Association

RESTAURANTS USA

VOL. 7 NO. 10 NOVEMBER 1987

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Staff Contributors Laurence Greenberg, Cathy Hale, Philip Kralovec, Anne E. Papa, Claire Regan, B. Hudson Riehle, Denise Roach, David Slater
Art Director Tom Bellucci
Word Processing Operator Riley Stern

Editorial office and headquarters 311 First St., N.W. Washington, DC 20001 (202) 638-6100
Chicago office 150 N. Michigan Ave., Suite 2000 Chicago, IL 60601 (312) 853-2525

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PRESIDENT'S REPORT

Michael J. Grisanti, President and Chief Operating Officer
Grisanti, Inc., Louisville, KY

Association fighting FICA taxes on tips

Last month, the House Ways and Means Committee voted to include in its tax bill a proposal to make employers liable for Social Security taxes on tips. To determine how such a liability would affect your bottom line, do the following simple arithmetic: subtract the amount of tips deemed to be wages from your amount of reported tips. The amount leftover equals your additional yearly FICA payments.

Fortunately, the association's efforts to stop the FICA-on-tips bill have kept it out of the Senate Finance Committee's tax bill. The next stop, of course, is for the two chambers of Congress to convene and to iron out a joint tax bill. In order to make certain that the FICA-on-tips proposal is deleted from the final tax bill, we need your help.

Our objectives are as follows: to keep the FICA tax proposal out of the Senate bill when it reaches the floor and to persuade the House conferees to support the Senate position and delete the provision from their bill. To this end, I urge you to write your representatives and encourage them to vote against any increase of FICA taxes. Your voice is particularly important if your representative sits on the budget conference committee, but, ultimately, *all* senators and congressmen may have a vote to cast on this issue.

If we want to see this costly proposal deleted from the tax bill, the time to act is NOW. Write your Congressman today.

1988 industry forecast reveals continued growth

At a press conference in New York City this month, the 1988 economic forecast for the foodservice industry was revealed to trade and consumer press. The news is record breaking: For the first time in history, the industry will reach over $200 billion in sales in 1988. This marks the eighth consecutive year of real growth for foodservice. A complete report on the numbers, trends and issues which will affect the industry in 1988 will be included in next month's issue of ***Restaurants USA.***

Executive committee meets

Also in New York, the association's executive committee met to discuss the objectives of the five-year plan formulated last year. I am pleased to report that we are progressing on schedule with regard to the plan's three primary objectives: promotion, education and protection of the industry. With the five-year plan as our guideline, the association will continue to foster industry growth into the next decade.

Momentum building for INFO 88

INFO 88, the annual "thinking" forum for independent operators, is fast approaching. The dates are January 24–26, 1988; the site is the elegant Fontainebleau Hilton in Miami. Come join your peers for three days of workshops, presentations and gala social events—all geared specifically toward the interests of the independent operator. Contact the Education Foundation, (800) 424-5156, to register.

New seminars introduced

Six new seminars have been added to the association's education program roster. The seminars, to be conducted in various locations across the country beginning next year, include: Hiring in a Tight Labor Market; Foodservice Computer Spreadsheet; Do-It-Yourself Public Relations; Efficiency Food Workshop; and two seminars designed for servers—one on basic suggestive selling skills and the other on how to merchandise wine through service. Watch your mailbox for information on each of these new seminars or contact the Education Foundation.

Video promoting jobs in hospitality

Finally, in the video news department, the association is producing a video news release that promotes jobs in the hospitality industry. The release, to be disseminated to television news stations nationwide, emphasizes the career opportunities available not only for teenagers, but for senior citizens and the handicapped as well. The release is yet another effort in the association's campaign to ward off a labor shortage by promoting industry jobs.

It is my pleasure to welcome 170 new members who joined the National Restaurant Association in October. Your participation in the association will benefit your business and will make the association more effective in its representation of the foodservice industry.

Sincerely,

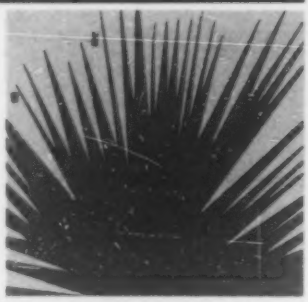
Michael J. Grisanti
President and Chairman of the Board

RESTAURANTS USA

COVER STORY: CRISIS MANAGEMENT

15 Planning ahead
A crisis can happen in an instant, catching you off-guard and unprepared for the repercussions. While small, everyday emergencies are commonplace in a restaurant, operators may occasionally be faced with a true crisis—one that threatens to close an operation or endanger customer or employee well-being. The restaurateurs with the best chance of surviving are those who are armed in advance with a comprehensive crisis management policy—pre-emergency planning that can help contain a crisis before it gets out of hand.

21 Crisis communication
A well-planned crisis communications strategy can successfully defuse a potential disaster.



18 Managing a safe, sanitary operation
A safe sanitation program is a prime component of any crisis management plan.

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Nearly 300 foodservice operators participated in this year's Public Affairs Conference, drawn by the opportunity to listen to national leaders and lobby legislators on current foodservice concerns.

12 Winning the customer of tomorrow
This timely viewpoint by Ted Balestreri, past president of the association, details the challenges facing restaurateurs and outlines how operators can attract and maintain customers in the years ahead.

24 Restaurant T-shirts
Looking for a low-cost way to boost bottom-line profits? Merchandising T-shirts may be your answer.

26 Effective employee discipline
Because many managers have a hard time disciplining employees, this article shows how keeping in close touch with employees can turn this sometimes unpleasant task into a constructive process.

29 Fringe benefits
Here's how restaurateurs are developing education and enrichment programs to ensure a more stable work force.

32 Wine tour closeup
This fall, a group of restaurateurs treated themselves to a taste of the wines of France by participating in the association's first overseas wine conference. This article is a day-by-day look at their adventures.

Cover photograph by Gary Landsman

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American Express announces new liquor liability insurance program

In response to the restaurant industry's critical need for a reliable source of reasonably priced liquor liability insurance, the American Express Travel Related Services Company will soon offer its Express Protection Liquor Liability Insurance Program to restaurants that accept the American Express card.

American Express has committed $10 million to support the program. The insurance will be underwritten by a member company of American International Group, one of the world's largest insurance organizations. All restaurants that accept the American Express card will receive information about the liability insurance in the mail before December 1, 1987.

Because of American Express' financial commitment and the profile of the restaurants that accept the American Express card, Express Protection will provide coverage features and advantages not generally available, including:

□ availability of coverage in all 50 states

□ competitive rates determined by the experience of the American International Group and not negatively influenced by insurance market cycles or less attractive risks such as liquor stores and taverns

□ policy limits of up to $2 million

□ a "no deductible" option

□ optional automatic premium deduction through the regular American Express payment system and

□ potential dividends to policy holders in the event of favorable claims experience.

Express Protection will include incentives to restaurants to participate in educational programs regarding the responsible serving of alcoholic beverages.

A premium discount of 20 percent will be credited to an establishment if 50 percent of its employees successfully complete a certified alcohol awareness program approved by the underwriters.

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PS Form 3526, Dec. 1985 (See instructions on reverse)

150,000th Food Protection Education Certificate awarded

William C. Derby (second from left), operations director of Marriott's Saga education services at Western Illinois University in Macomb, Illinois, receives the 150,000th Certificate of Completion for Applied Foodservices Sanitation, a course of the Educational Foundation of the National Restaurant Association. Paul F. Martin (right), director of educational programs, makes the presentation as Norbert D. Weller, vice president of Marriott's human resources, foodservice management division, watches.

Foodservice industry trade center opens

The first permanent trade center for the restaurant and hospitality industry will open this month at the Culinary Arts Division of Johnson & Wales College in Providence, Rhode Island.

The Restaurant & Hospitality Trade Center of America will serve as a showcase for the newest and best in the foodservice industry as well as an international training ground for industry professionals.

The trade center will demonstrate how education and industry can work together to improve products, services and personnel in the foodservice and hospitality field. Virtually all aspects of the industry, from interior designers to vendors of kitchen equipment and tableware, will be represented in the 30,000-square-foot exhibition area.

The trade center will also feature over 100 seminars, clinics and training demonstrations conducted by Johnson & Wales College and industry experts.

For more information, contact Lisa M. Forsley at (401) 461-3000.

Congress takes up FICA tax on tips

In October both the House and Senate tax-writing committees took up an association-opposed proposal to increase operators' FICA (Social Security) tax liability on tip income. The proposal, included in the FY 1988 budget plan submitted to Congress by the president earlier this year, would require employers to pay FICA taxes on all reported tips, not just those used to meet an employer's minimum wage obligations.

A $12 billion tax bill approved by the House Ways and Means Committee contains the FICA proposal, while a similar tax bill ok'd by the Senate Finance Committee does not. Both bills were headed for floor consideration as ***Restaurants USA*** went to press.

Association officials are working to stop the FICA increase. The association's strategy will be to persuade House conferees to support the Senate position on this issue and delete the provision from the House-passed bill.

The administration's role in the deficit reduction process is uncertain at this point. In a statement released by the White House last month, the president attacked the tax hikes approved by the two tax-writing panels and promised to veto such legislation.

But Reagan and his advisors appear to be reconsidering their anti-tax position in the face of increased pressure to cut the federal deficit, brought on by the crisis in the world's financial markets.

According to administration estimates, the FICA proposal would cost employers an additional $200 million the first year and $1.6 billion over five years. It would also represent a significant change in current federal tax policy, which, in the association's view, correctly recognizes that tips are not considered wages for employer FICA purposes.

The proposal was considered on Capitol Hill this summer by the House Ways and Means Social Security Subcommittee. On July 1 the subcommittee voted 5-1 to reject the proposal, a clear victory for the association's lobbying efforts.

This fall, the full Ways and Means Committee was expected to follow the lead of its subcommittee and reject the president's FICA proposal. But in a move that took many by surprise, Ways and Means Republicans refused to participate in full committee markup of the bill, and the work that had been done at the subcommittee level was placed in jeopardy.

Caucusing among themselves, the Democrats, who have a two-thirds majority on the panel, hammered out their own tax package behind closed doors. They decided to adopt the entire $6 billion in "revenue raisers" proposed by the president. Among these revenue raisers was the $200 million FICA proposal.

By including all the president's proposals in their revenue package, the Democrats reasoned that it would be difficult for the president to veto a tax bill. The Democrats could say they had given the president what he wanted—"revenue raisers" rather than the "tax increases" he has threatened to veto.

Meanwhile, the prospect

City opposes takeout foods in containers made with chlorofluorocarbons

Over the past few decades, depletion of stratospheric ozone has been the subject of wide-ranging debate and study, which have led to predictions of complex phenomena that include relationships between several chemicals and ultraviolet irradiation in the upper atmosphere. Although current evidence suggests that a group of chemicals known as chlorofluorocarbons (CFC) are the primary suspects in the theory, much disagreement and many scientific uncertainties remain. Some scientific models indicate that significant depletion of the ozone layer may lead to increased cases of skin cancer and damage to some crops and marine life. While the links to CFCs have not been conclusively proven, there is enough evidence to make a conservative course of action the most prudent one.

The initial reaction to these environmental concerns was the 1978 ban on nonessential uses of CFCs, such as aerosol propellants. Since that time, attention has refocused on the many other uses of CFCs, including domestic and commercial refrigeration, stationary and mobile air conditioning systems and, most recently, as "blowing agents" for plastic foam materials.

Not all CFCs are implicated in the ozone depletion theory, and not all foam plastics are "blown" with CFCs. For instance, some products are made of expanded or extruded polystyrene, which is injected with a blowing agent, giving it a cushioned texture. Blowing agents include pentane, butane and CFC-12, and mixtures of these substances with carbon dioxide and other materials. (Incidentally, use of pentane or butane raises other manufacturing concerns about fire safety and lower altitude air pollution.)

Information from the Foodservice and Packaging Institute, Inc. estimates that 25 to 45 percent of polystyrene foam packaging is made with CFC-12. According to the U.S. Environmental Protection Agency (EPA) figures, emissions from this process account for *only 1 percent* of chlorofluorocarbon emissions in the United States. Emissions occur primarily during the manufacturing process.

Manufacturers of foam products are seeking alternatives to CFC-12. For example, CFC-22, a more environmentally acceptable blowing agent, may have potential. However, further studies and FDA approval are required before this substitute CFC can be considered for use in food packaging.

As the State Department and EPA move toward an international agreement to limit and phase out CFC production, the city of Berkeley, California, is actively considering an ordinance to ban sales of takeout food in foam plastic containers produced with CFC blowing agents. Although the ordinance was sent back to the Solid Waste Management Commission, it will probably pass soon and may prompt other jurisdictions to consider similar symbolic stands.

The Society for the Plastics Industry and the Foodservice and Packaging Institute, Inc. have suggested that the city of Berkeley follow the recent lead of a major chain operator, allowing for a trial phase-out by packaging manufacturers, rather than an outright ban. This would allow manufacturers which have no other option to use CFC-12 until an acceptable alternative can be found.

—Jim Brown

of the administration entering the congressional budget negotiations has injected an unknown factor into the association's lobbying calculations: Will the president insist on his original tax proposals, including the FICA tax on tips, or will he concede to the will of the Senate and drop it? Association lobbyists are pursuing discussions now with White House representatives and key congressional leaders.

High-risk notification bill passes House

Proponents of a high-risk occupational disease notification bill prevailed in the House on Oct. 15, but the 225–186 vote in favor of the bill, H.R. 162, is not a wide enough margin to override a likely presidential veto. The Senate has not yet acted on a similar measure and may not do so until next year.

The association-opposed measure could result in additional labor costs for restaurateurs if it were to be passed into law.

The bill would create a new federal bureaucracy to monitor the health of U.S. workers, determine which occupations carry a high risk of disease and notify current and past employees of their potential health risk. Employers would be required to pay for medical monitoring of notified employees and, if recommended by a physician, transfer an employee out of a high-risk setting into a low-risk one.

Several amendments to the bill were approved during floor debate, including measures that would direct a scientific "risk assessment" board to give special consideration to dioxin and AIDS exposure.

First penalty levied for immigration infraction

The Immigration and Naturalization Service (INS) has levied its first penalty against an employer accused of knowingly hiring unauthorized aliens and has said it will begin making random audits of employers by the end of this year.

The immigration law, signed by President Reagan on Nov. 6, 1986, makes it illegal for employers to knowingly hire aliens not authorized to work in the United States.

INS's first "Notice of Intent To Fine," issued to an Arlington, Virginia, hotel on Oct. 2, assessed a $16,500 penalty—$1,500 for each of 11 illegal aliens found to be working there. Of the $1,500, $1,000 was for employing an illegal alien and $500 was for not completing the required paperwork. According to an INS spokesperson, INS had made two contacts with the hotel before issuing the notice.

So far, INS has conducted some 250,000 informational visits and plans to reach a million employers by June 1988.

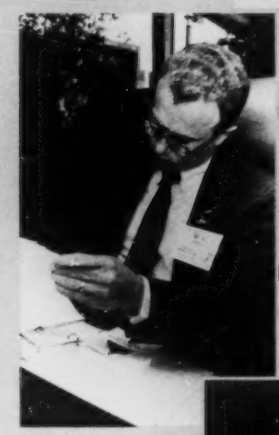
—Jay Morris
Denise Roach

Audience participation was encouraged during the general sessions, with each speaker allowing time at the end of his presentation for questions and answers.

Nearly 300 foodservice operators converged on Washington, DC, in mid-September for the National Restaurant Association's third annual Public Affairs Conference. During the two-and-one-half-day meeting, attendees listened to top national leaders and lobbied their legislators on such issues as minimum wage increases, mandatory parental leave and minimum health insurance benefits for workers.

House Budget Committee Chairman Bill Gray (D-PA), House Majority Leader Tom Foley (D-WA) and Interior Secretary Don Hodel were just a few of the speakers the association lined up for this conference. Attendees also heard from Reps. William Ford (D-MI) and Steve Bartlett (R-TX), two influential members of the House Education and Labor Committee, whose diametrically opposed views on pending labor issues gave conferees a chance to "see both sides."

With labor issues dominating the congressional agenda, speakers also warned conferees that they must get personally in-



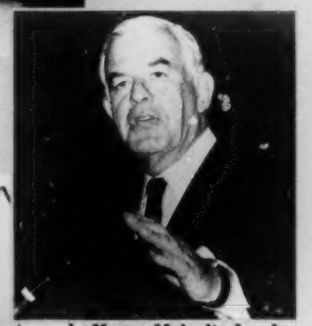
Association Director Bob Wood (Bob Evans Farm; Columbus, OH) served as chairman of the conference planning committee.

Conferee studies issues in preparation for Capitol Hill visit.

volved in the legislative process. "You can't gripe about Washington if you don't do anything about it," Rep. Tom DeLay (R-TX) told the audience.

Foley echoed similar sentiments: "An organization of the breadth and diversity of the restaurant industry—an industry with operations in every single congressional district in the country—would be wise to develop its political resources. A congressman is naturally responsive to his constituents. He never forgets that his obligation is to his district."

Putting his advice into practice, conference-goers blanketed Capitol Hill during the "congressional visit" segment of the program, fanning out across the Hill to the offices of legislators from 43 states to discuss foodservice issues. These face-to-face meetings gave conferees a timely opportunity to let legislators know the industry's position on the issues. Appropriately, the conference was held only days after members of Congress returned from their month-long August recess and were about to resume deliberations on several key labor and tax matters.



House Majority Leader Tom Foley (D-WA)

Interior Secretary Don Hodel

House Budget Committee Chairman Bill Gray (D-PA)

Texas conference delegation (from left, Richie Jackson, Susan Hasslocher, Jack Campbell and Jack Sosabee) discusses industry issues with Sen. Phil Gramm (R-TX), right.

Face-to-face meetings with legislators were a conference highlight. Here, Fred Schneeweiss talks with Rep. Marge Roukema (R-NJ), the Republican sponsor of an "alternative" to the Democrats' parental leave bill.

PUBLIC AFFAIRS CONFERENCE

Fifth annual Chef d'Oeuvre: a "don't miss" event

Association President Michael Grisanti welcomes Sen. Jesse Helms (R-NC).

Attendee samples Taverna Cretekou's Greek specialties.

Maryland conferees pose with Sen. Barbara Mikulski (D-MD).

Morton's of Chicago's sliced tenderloin was a reception highlight.

Outstanding food from eight leading Washington, DC, restaurants . . . a reception facility right on Capitol Hill . . . 230 congressional leaders and 300 politically involved foodservice operators from around the country: These were the ingredients of the association's successful Chef d'Oeuvre reception for members of Congress on September 15.

Held in conjunction with the Public Affairs Conference, the reception provided a relaxed, informal opportunity for restaurant industry leaders attending the conference to meet and talk with the nine senators and 221 representatives who were present.

Now in its fifth year, the Chef d'Oeuvre reception has acquired the reputation on Capitol Hill of being a "don't miss" event, said House Majority Leader Tom Foley (D-WA), who addressed conference attendees the following morning.

"This kind of event helps maintain the association's visibility on Capitol Hill," noted Richard Marriott, chairman of the association's Government Relations Committee. "In what better forum can industry leaders discuss foodservice issues with their legislators than at a reception featuring the finest foods and restaurants in Washington?"

Participating restaurants

★Fourways
★Maison Blanche
★Morton's of Chicago
★Old Ebbitt Grill
★The Prime Plus
★The Prime Rib
★Taverna Cretekou
★The Watergate Hotel

Schreiner describes costs of new OSHA ruling

Association Director Bernard Schreiner (Schreiner's, Inc.; Fond du Lac, Wisconsin) told the Office of Management and Budget (OMB) at an Oct. 16 hearing that his 225-seat restaurant could incur up to $8,000 in inventory, training and records maintenance costs when a new ruling goes into effect next May.

The subject of the hearing was the Occupational Health and Safety Administration's (OSHA) Hazard Communication Standard (HCS), which sets federal recordkeeping and training requirements to protect workers who are exposed to hazardous chemicals. Until OSHA's recent ruling, HCS covered only employers in the chemical and manufacturing industries. As a result of a court ruling, however, OSHA was forced to expand HCS's coverage to all employers whose employees are exposed to hazardous chemicals.

Under the expanded HCS, affected employers will be required to maintain a list of all hazardous chemicals in the workplace and develop an information and training program to convey to all employees specific hazards, protective measures and emergency procedures.

As written, this expansion of coverage includes foodservice operators whose employees come in contact with the "hazardous chemicals" contained in such products as pesticides, detergents, sanitizers, oven cleaners and rinse additives.

In addition to Schreiner's testimony at the OMB hearing, the association has also submitted written comments to OSHA asking that the foodservice industry be categorically exempted from HCS.

Association President Michael Grisanti welcomes more than 250 attendees to the third annual Public Affairs Conference.

The Manor presents historic dinner

To celebrate the centennial anniversary of the opening of the Thomas A. Edison laboratory in West Orange, New Jersey, in 1887, the Manor restaurant will present a special Chef's Table Dinner featuring authentic recipes from the files of Mrs. Edison.

The Manor, also located in West Orange, is owned by National Restaurant Associaton Director Harry Knowles and his sons, Kurt and Wade. The idea for the dinner, proceeds of which will go toward the Friends of the Edison National Historic Site, came when previously unexplored archives revealed the carefully kept party files of Mrs. Edison. Mina Edison kept records of all her dinner parties from 1887 until the mid-1930s. Her shopping lists, including the invoices from renowned specialty food purveyors of the day, were unearthed as well.

Harry Knowles

At the November 23 dinner, the Manor chefs will recreate some of the recipes Mrs. Edison used at black-tie parties at her estate, including a replica of Thomas Edison's 80th birthday cake. The tablesetting from the Edison estate will be on display at the dinner as well as many original Edison inventions. Some of these inventions will appear in pulled sugar and chocolate as well. Professional historians will be on hand, in period costume, to describe the inventions.

In addition, a commemorative luncheon will be featured at the Manor. Invited guests to the day include President and Mrs. Reagan and New Jersey Governor and Mrs. Thomas Kean.

—Anne Papa

Royals establish minority scholarship fund

National Restaurant Association Honorary Director Ernie Royal, his wife Willa and the Culinary Institute of America (CIA) are establishing a special endowed scholarship fund to assist minority students who wish to pursue careers in the foodservice industry.

Royal, a CIA trustee, hosted a benefit dinner last month at his restaurant, Ernie's Grill & Bar, in Rutland, Vermont, to announce the new scholarship. Proceeds from the dinner are being used to establish the fund entitled the Willa and Ernie Royal Endowed Scholarship Fund for Minority Students. The annual income derived from the fund will be used to recruit and support minority students attending CIA.

Ernie Royal

The Royals have also offered to match contributions made by those who attended the dinner. Additional donations to the fund should be sent to the Development Office of the Culinary Institute of America, Hyde Park, New York 12538.

Winning the Customer of Tomorrow

by Ted J. Balestreri

I don't have a crystal ball, of course, but I can tell you that in many ways the customers of tomorrow will be like the customers of the past. The secret of attracting them will be quality: quality in food, service and ambiance.

But in many other ways, the industry of tomorrow will differ from the industry of today as drastically as a microwave differs from a toaster oven. And, as operators, we will be facing challenges from new technology, from increased competition, from the labor shortage and from the nation's changing demographic and social structures. If we want our cash registers to keep ringing at a steady pace, we will have to adapt.

I have heard lots of operators complaining about declining head counts. And even those whose businesses have remained steady admit that things don't seem to come as easily as they did during our boom years.

> **"What we are going to have on our hands, I predict, is a new generation of 'yuppie couch potatoes'—two-income baby boom household members who want to stay at home with a movie and a meal. Whether they get this meal from a supermarket, a convenience store or a restaurant is up to us."**

More competition

Well, it's not our imagination. There is substantially more competition both from within and from outside the foodservice industry than there was 15 years ago. The statistics tell the story. In 1972 there were 845 people for each restaurant in the country. Today there are only 685 people per restaurant—a 19 percent drop.

Obviously, there are a lot more restaurants. It seems that whenever times are good, everyone wants to get into the business. In the first nine months of 1986, for example, there were more than 10,000 new eating and drinking places in the country. And in New England, which has the strongest regional economy in the United States, there was a 68 percent increase in eating place business starts during the same period.

But, as we all know, our competition is not coming only from the growing number of new and established restaurants. It seems like everybody is getting into the food business today. For example, convenience stores, such as 7-Eleven and Circle-K, generated $5.2 billion in 1986 through sales of sandwiches, drinks, deli products, foods cooked on-site and other fast foods. More than 14 cents out of every dollar spent at convenience stores went for fast food.

And how about supermarkets? Supermarkets are installing deli counters and breakfast bars. Some even have in-store restaurants with seating, and others are using drive-thru windows to sell fast food. They are offering an increasingly attractive variety of pizzas, sandwiches, hot foods, refrigerated entrees and salads. A recent study showed that 67 percent of the stores polled plan to offer partially or fully prepared foods for takeout by the end of the year, and researchers predict that eight out of 10 stores will offer ready-to-eat foods by 1989.

But that's not the worst of it. Listen to the results of a recent study conducted by the Food Marketing Institute and Campbell Soup Company. Although respondents to the study rated restaurant takeout food as "tastier, more fun to eat and more of a special treat" than food bought in supermarkets, in many other categories supermarket retailers were shown to be beating us at our own game. The respondents to the same study gave supermarket takeout food better marks than restaurants on freshness, quality, health and nutrition. In addition, the findings showed that consumers perceive takeout restaurant food to be more fattening and more expensive than the supermarket equivalent.

Changing demographics

This is a bad sign, and I'll tell you why. The consumer of tomorrow will be older, wiser and more health-conscious than the consumer of today. Restaurants that do not predict what these patrons want, and then give it to them, are making a fatal mistake. To begin to figure out what tomorrow's consumer will be looking for, we can look at some social and de-

Ted J. Balestreri is co-owner of The Sardine Factory in Monterey, California, and past president of the National Restaurant Association. This article is based on his presentation at the Multi-Unit Food Service Operators (MUFSO) conference on September 28, 1987.

mographic trends and try to determine how these trends will affect the industry.

First of all, people will be staying home more in the near future. The fantastic surge in VCR ownership has not slowed. In addition, the baby boom generation is now in its family-forming and child-raising years. In fact, by the year 2000--which is only 13 years away—90 percent of the baby boom generation will be married and have children.

What we are going to have on our hands, I predict, is a new generation of "yuppie couch potatoes"—two-income baby boom household members who want to stay at home with a movie and a meal. Whether they get this meal from a supermarket, a convenience store or a restaurant is up to us.

Decade of delivery

1987 has been referred to as the year of takeout and delivery. I believe the next 10 years might be called the decade of takeout and delivery as operators continue to develop new technology to get products to consumers who want to eat restaurant food at home. Already we are seeing upscale operators who are vacuum-packaging their foods for home consumption. Who know's what's next?

In the future, we might see customers ordering gourmet meals from a restaurant, by telephone, before leaving the office. At the customer's home, we can deliver the meal into a heating unit in the shape of a small icebox or mailbox. That way the food is ready to eat when the customer comes home. Or if vacuum-packaged meals with long shelf lives become widely accepted, experts have predicted that we may see compact double drive-thru kiosks, situated throughout the suburbs and cities, where customers can zip by and pick up a gourmet meal that can be microwaved at home.

Experts have also predicted that the consumer of the future will order meals via the television and a computer modem tuned into a home-delivery channel. The screens will show pictures of entrees and daily specials, and the customer will pay for his meal by running his credit card through the side of the television.

> "Findings show that consumers perceive takeout restaurant food to be more fattening and more expensive than the supermarket equivalent."

These space-age ideas may sound like they belong in an episode of "Star Trek" rather than in a discussion of takeout and delivery, but what I am trying to demonstrate is that to compete for the customer of tomorrow, operators cannot sit still. If customers will not come to us with the regularity that they have in the past, we will have to bring the food to them. Those who can get a quality product to the people will be the ones who set the pace for the industry.

More experimental food

Social and demographic trends will also affect the cuisines we will be offering in our restaurants. Ethnic foods and interesting eclectic dishes are going to play a larger role in our menus for two reasons. First, as Americans become more sophisticated, educated and well-traveled, their tastes have become more experimental. Second, continued immigration and a higher birth rate among non-Caucasian Americans imply that ethnic foods will be in greater demand.

Several cuisines that were not too long ago considered "foreign" and exotic, such as Mexican, Italian and Asian, are already being absorbed into mainstream American culture. They are popping up in our school cafeterias as well as in our fast food restaurants. Now everyone is trying to predict the new "in" cuisine, and guesses range from Thai to Caribbean to Middle Eastern.

Rather than trying to predict what the next popular foreign food will be, however, we should be learning to blend elements of other cuisines into our menus. A lot of restaurants are crossing borders with multicultural dishes that combine intriguing and appealing ingredients. The customer of tomorrow will be more adventurous—and more inclined to appreciate the new flavors that are created when we combine our foods with other cuisines.

Examples of dishes I am talking about include exotic egg rolls that use nontraditional ingredients: American sushi, which could use toppings such as poached chicken and peppers instead of raw fish, or Italian/American combinations such as raviolis stuffed with crabmeat, or fast food pizzas with gourmet toppings.

In addition to borrowing ingredients and dishes from other countries, we would do well to borrow some of their healthier cooking techniques because tomorrow's customer will be even more nutrition and health-conscious than the customer of today.

The current median age in America is 31.5. By the year 2000 it will reach 36—and there will be 76 million Americans who are 50 and older. We know that these customers will be more vibrant and active than the senior citizens of our childhoods—and eager to find foods that fit in with their lifestyles. Asian foods, for example, will fit in well with the mature customer of the future who wants food that is interesting and delicious, but also healthy, light and easy to digest.

As retailers, we make our livings by predicting trends. And these are some of the trends operators are going to have to address if they want to attract new customers in the future: a graying America, customers short on time who are interested in home entertainment and home shopping, a culture of convenience and a hunger for exotic and ethnic foods. But keeping our operations fresh by staying on the cutting edge is not going to be enough for the operation that intends to flourish in tomorrow's market.

Retaining today's customers

What we really have to work on—in addition to winning the new customer

of tomorrow—is retaining our customers of today. An operation will always need new customers, but without loyalty, tomorrow's restaurant will not be able to keep sales up. New customers are by far the most expensive customers. Studies show it costs five times more to acquire a new patron than to keep an existing one.

One way operators from all segments can cultivate customer loyalty is through allegiance marketing. A lot of restaurants are already having success with their own continuity or "frequent diner" programs. The way they usually work is that a restaurant issues a card that is stamped each time the customer eats at the restaurant. When the diner reaches a certain level, he or she is rewarded with a free entree or comparable compensation. Although details may vary slightly, current frequent diner programs have a common objective: to separate and identify those customers who are important to the restaurant.

"If customers will not come to us with the regularity that they have in the past, we will have to bring the food to them . . . I believe the next 10 years might be called the decade of takeout and delivery."

Superior service

Finally, however, the greatest strategy we will have for future customer retention is superior service. There is little doubt that our service will be faster and more efficient in the future. But can we make our service more pleasant and more personalized? You had better believe it needs to be improved: A recent Gallup Poll showed that 50 percent of U.S. customers expressed dissatisfaction with restaurant dining due to poor, slow or rude service.

At my restaurants we have a saying: "If we have made you feel at home, we have made a million dollar mistake, because you might as well stay at home." In tomorrow's market, when there will be increased competition and better in-home dining and entertainment options, this saying will be more timely than ever.

Oh, what a difference a little extra service can make! One of the prime examples comes from gas stations. Top service stations routinely outsell nearby competitors by a 4 to 1 or greater margin. One Chevron station in California, for example, had doubled its sales in less than a year. The reason: When patrons pull up to the pumps at the full-service aisle, at least two attendants leap out to offer customers, along with the normal gas and oil check, free coffee, a free newspaper and a quick vacuuming of the inside of the car. And another Chevron station with similar services has nearly doubled sales in two years despite the presence of a new competitor and the closing of a nearby freeway ramp.

Whether it is a fast food lunch or a leisurely, formal dinner, I have always believed that personalized service can make a world of difference. As Ben Franklin once put it: "The taste of the roast depends on the handshake of the host." This is an advantage we will always have over supermarkets or convenience stores. That's why we are called the hospitality industry.

Quality workers

But the most crucial element in providing quality service is going to be employing quality workers. A restaurant, and a restaurant's service, are only as good as its staff. A happy, satisfied cashier better represents the restaurant and gives the customer the respect he or she deserves. And the older, graying population will appreciate service.

That is why winning the *employee* of today is going to play such a large role in winning the *customer* of tomorrow. We all know about the impending labor shortage. We each have a responsibility to do something about it.

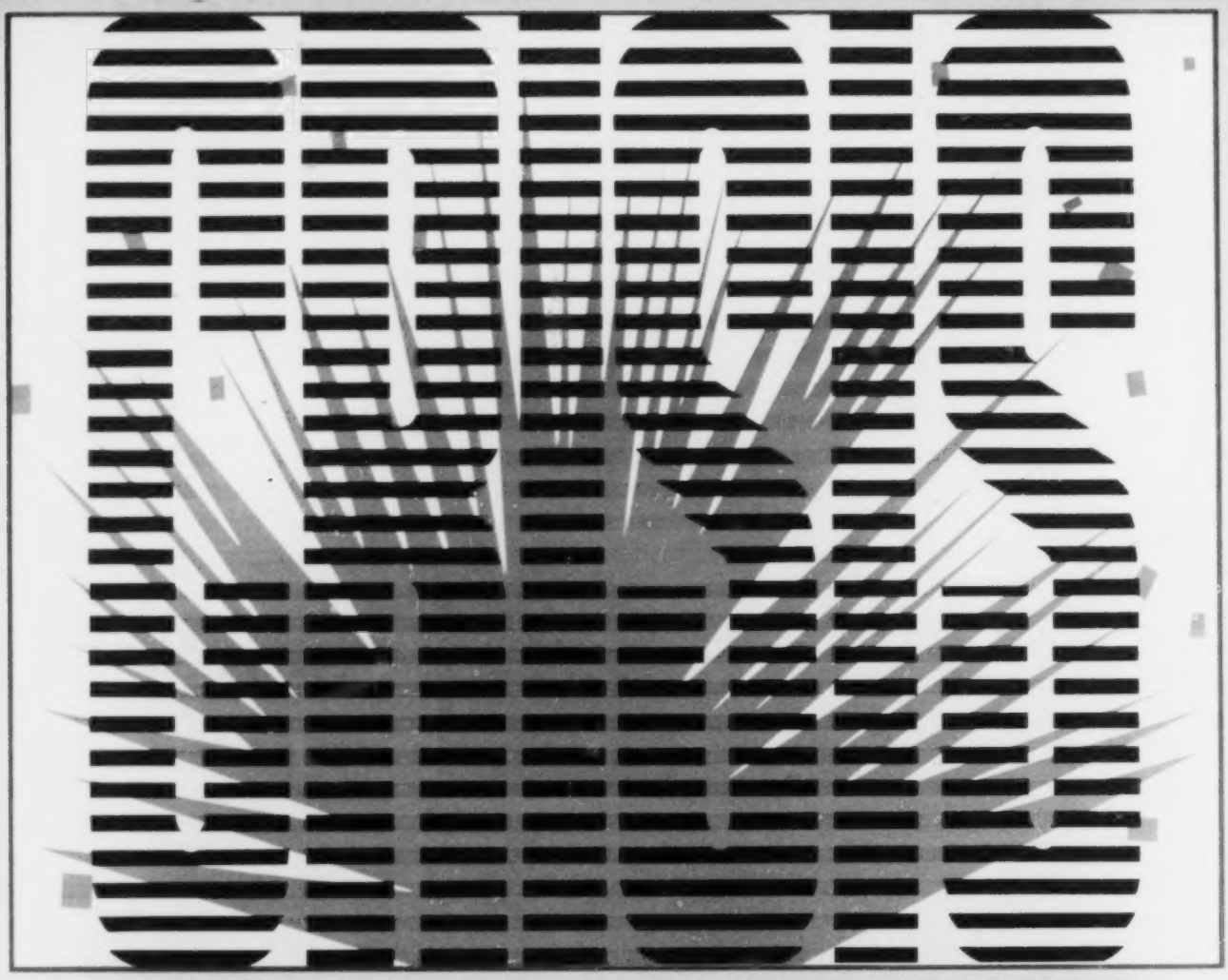
Employment analyst reports indicate employees leave an organization 80 percent of the time due to a lack of recognition. Combine that statistic with the separation rate for foodservice occupations, nearly twice the overall rate for all American workers, and what does that tell you? Sure, we must use discretion in hiring workers with good potential. But when we have employees who are contributing to our operations, there is no excuse for not rewarding them with a sincere pat on the back *and* an appreciated coin in the pocket. I have always found that, like anyone else, employees who are treated well, treat me well.

Another way we can work to strengthen the identity of the foodservice industry and the people who work in it is through collective image campaigns, such as the "Ours Is a Special World" program. This comprehensive, ongoing campaign, launched by the National Restaurant Association and 13 other hospitality industry groups, is aimed not only at our current employees, but also at potential workers. Through ads placed in vocational guidance magazines, and through a model job fair in New York City, potential employees will learn of the many benefits a career in foodservice can offer.

It is up to us

But in the end, it is the obligation of each and every one of us to resume responsibility for changing the way America looks at our industry. It is essential that we let the country know what we have to offer, and it is essential that we back up our promises with action: better and more concrete compensation and benefits, pleasant working conditions and opportunities for advancement.

Strengthening our industry image will do more than change the way Americans think of foodservice. It will demonstrate to potential employees that foodservice jobs can be an entry to tomorrow's opportunities. And these satisfied employees, in turn, will be the key to providing the quality service, ambiance and food that will attract tomorrow's customer. ❑



MANAGEMENT

by David Slater

An undercover drug bust nets three workers from a Southern New Jersey restaurant and inn.

A foodborne illness outbreak in the Washington, DC, area is traced to salads served at a chain unit.

A businessman is gunned down at a Manhattan restaurant in a gangland-style killing.

A hurricane washes out a waterfront restaurant in an East Coast resort town.

What do these seemingly unrelated incidents have in common? Each one took place in 1987, producing front-page headlines that threatened to permanently change the local public's perception of the restaurant. These unpredictable emergencies, which represent just a small percentage of the nightmares that occur in U.S. restaurants each year, are spectacular examples of why savvy operators institute formalized crisis management training in their restaurants—advance emergency planning that can mean the difference between recovery or bankruptcy.

David Slater is a communications specialist at the National Restaurant Association.

Who knows the meaning of "crisis" better than the average restaurateur? From broken equipment and absent workers to late deliveries and ill-timed health inspections, emergencies are an everyday occurrence in the restaurant business. On occasion, however, a true emergency occurs—one that threatens to close the operation or endanger the well-being of a customer or employee. These disasters can happen at any type of operation. The restaurateurs with the best chance of surviving are those who are armed in advance with a comprehensive crisis management plan.

Crisis management involves anticipating and planning for all aspects of potential emergencies. An effective approach includes taking precautions within the operation to reduce risks, training the staff to respond correctly to emergencies, preparing to handle any media inquiries and adequately protecting the operation's financial assets before a disaster strikes.

Although the most common restaurant crisis may be a well-publicized foodborne illness outbreak, there are countless other disasters that can strike a foodservice operation. Here is just a partial list:

- Fire, flood or bad weather that closes the operation
- Product recall
- Employee arrested for criminal activity
- Bomb threat
- Random violence on the premises
- Suspension of business for outside reason, such as roadwork
- Vandalism
- Unexpected loss of electricity, gas or water
- Employee or ex-employee threatens food tampering
- Customer or employee injury
- Employee with serious disease
- Insect or rodent infestation.

In addition to the particular complications inherent in each of these potential disasters, these crises are hazardous to restaurateurs because of the negative publicity they can spawn. Yet many operators, especially busy independents, do not take the necessary steps to adequately protect themselves.

"The business that hasn't prepared itself for every possible crisis is making a potentially fatal mistake," says Larry Newman, executive vice president of Manning, Selvage and Lee, an international public relations firm that specializes in crisis management. "There are constructive actions companies can take to avoid and defuse disaster."

Stay in a precrisis mode

At its simplest, crisis management involves reducing risks. Some crises can be avoided and anticipated; others cannot. In all cases, however, experts agree that operators can take steps to minimize the damage from unexpected incidents by always being ready for the worst. "Vigilance dictates that any time a company is not in a crisis, it is in a precrisis mode," says Newman. "Preparation," he adds, "increases the odds in favor of a positive outcome."

"A crisis is a surprise at most companies," says Dee Clingman, quality control manager for General Mills, headquartered in Orlando, Florida. "It's like when someone jumps out at you from behind a tree. But if you're always ready for anything, you'll be at an advantage." At General Mills, says Clingman, steps are taken to avoid the avoidable crises and to make the best of those situations that cannot be prevented or anticipated. When a troublesome situation occurs, management can go about business as usual, while still addressing the emergency, instead of letting the situation dominate the operation.

Crisis management team

At large foodservice companies and multi-unit operations, the first step in developing a crisis management plan involves forming a crisis management team that will make binding, companywide decisions during an emergency. The team should be small enough to allow the members to make group decisions quickly and large enough to fill the essential functions. In general, five to eight people usually represent a manageable size.

The basic functionaries needed on the typical foodservice crisis management team are:

- **Executive officer**. The restaurant owner or a high-level officer who provides direction from the top and who has responsibility and authority to make the decisions regarding company policy and its position with respect to the crisis at hand.
- **Team leader**. A manager or officer who has the overall responsibility for keeping the team updated and directing actions during the crisis.
- **Spokesperson**. A carefully chosen public relations liaison through whom all information will be disseminated during the crisis—the only member of the team who can make public statements. The principal aim of designating a spokesperson is to provide a consistent, centralized source of information and to avoid making contradictory statements.
- **Legal representative**. Someone who can determine the legal implications of the crisis and provide legal guidance to the team.
- **Researchers**. Members of the team in charge of incoming phone calls, gathering and verifying facts about the nature of the emergency and compiling information to develop position statements.

At multi-unit operations, such a formalized team is necessary to ensure companywide, coordinated decisionmaking. A more loosely organized team, however, may be sufficient at single-unit operations. What is essential is that some thought has been given to the person who is best qualified to fill each needed position before any emergency has occurred.

For example, in a potential crisis situation at a single-unit operation, the owners might fill the combined role of executive officer and team leader. Another high-level employee, or even the spouse or adult child of the owner, might be the obvious choice for spokesperson if he or she is a trained speaker or a familiar figure in the community. If the restaurant is to remain open during the crisis, however, it will be necessary to leave enough of the restaurant's management team free to handle the day-to-day operations, while the crisis team handles the emergency.

In the advance-planning stage, restaurateurs also should determine the limitations of their company attorney, who may be qualified to do the company taxes, but not trained to handle the legal implications of a serious cri-

Restaurateur averts crisis

In April 1987 a police undercover operation led to the arrest of 42 people for drug dealing in the areas surrounding the Delaware River in New Hope, Pennsylvania, and Lambertville, New Jersey. Among those arrested were three employees of the Lambertville Station and Inn, a 150-seat restaurant and hotel scenically located on the Delaware River.

The situation was doubly painful for Lambertville Station owner Dan Whitaker who prides himself on having a close relationship with his 185 employees. In addition to feeling a mixture of disappointment and concern for the three arrested employees, Whitaker saw his restaurant, at the onset of the tourist season, being mentioned notoriously in newspaper reports of the drug arrests.

The Lambertville Station's situation easily could have turned into a classic restaurant tragedy. Whitaker feared that the negative publicity would hurt business and also lead parents to terminate their children's employment at the restaurant. Whitaker was able to make the best of a bad situation, however, because he already had the basis of an informal crisis management system instituted in his restaurant.

Communication among owners, management and employees—the key to an effective crisis management system—has always been integral to the Lambertville Station's management philosophy. Whitaker has a strong training program, and, at his weekly management meetings, the staff does internal audits on various aspects of the restaurant—from sanitation to potential employee problems. Managers discuss any potential trouble areas and then act quickly to confront them. Included in these weekly audits is an in-house drug awareness program that involves looking for obvious traits, such as personality changes in employees. "We try to relate to (these problem employees) as best we can," says Whitaker. "Lots of times we have been able to turn them around."

Whitaker chairs the drug and alcohol forum at the Lambertville Station.

Because Whitaker had a strong chain of command in place, he says he was able to move quickly to "find the good side of this situation." Instinctively, he took the path that experts suggest in time of crisis. "I decided we've got a problem, so let's do something about it," Whitaker says. "Admit it; don't ignore it." Whitaker began by calling the parents of his young employees to discuss the problem and to allay any fears they might have about their children working at the restaurant.

Next, Whitaker met with employees and managers and decided "to do something for the community." The owner then hired a local public relations team and quickly formulated a plan. The Lambertville Station decided to hold a series of seminars for concerned parents and employers, bringing together local authorities on drug and alcohol abuse with members of the surrounding communities. To act before the issue was dead, the event was scheduled for 2½ weeks after the incident.

Next, a fact sheet with details of the event was sent to parents of employees, to schools and to community groups. In addition, press releases and media information went out to local newspapers and radio stations, and Whitaker made himself available for interviews.

The story of the Lambertville Station Drug Awareness program became front-page news as the first community response to the rash of arrests. Seventy-five parents and employers attended the event. Whitaker chaired the forum, and guest speakers included a 16-year-old recovering drug addict who, along with local police, led a question-and-answer session that lasted nearly two hours.

The entire event, before and after the evening, generated a total of 650 column inches of constructive news in local papers. Whitaker had succeeded in his sincere effort to make the community and its residents aware of the local drug abuse problem. The Lambertville Station's drug busts, which the owner admits "could have been a tragedy," instead were turned into something positive—and, adds Whitaker, "didn't hurt business at all."

sis. The operator might wish to consult with a more qualified attorney who could familiarize himself/herself with the operation and perhaps offer advice on steps that can be taken to minimize liability if a disaster should strike.

Preparing for disasters

After filling the positions on the management team, the group should meet to discuss what type of crises could occur in their restaurant. A list should be made, similar to the one at the beginning of this article, which outlines potential restaurant emergencies. The team should focus particularly on those emergencies that might be peculiar to their operation. For example, if a restaurant is located in an area that is susceptible to floods or power outages, the group should discuss the best course of action to handle such an emergency.

The group should then install a system of policies and procedures designed to minimize the restaurant's risks. Setting up this system early may be enough to ensure that a crippling emergency never arises. The most effective crisis management program is one that, because its system of checks has succeeded, never has to deal with a crisis.

"Have things in place ahead of time," says Clingman of General Mills. "Think about what you need to do and what things you should have in your restaurant for every potential problem situation." A list of emergency phone numbers, for instance, can make a huge difference in times of crisis. "It sounds simple," says Clingman, "but when the power has just gone out, thumbing through a phone book for a place that rents refrigerated trucks or sells dry ice is a problem. And with your competitors looking for the same things, people who have this information at their fingertips are the ones who are going to get it." Other basic but necessary precautions in the event of a power outage, for example, could include easily located flashlights and candles and a tested evacuation plan. In addition, a fire drill with local authorities can help familiarize rescue crews with the layout of your operation.

Although operators should try to plan for every conceivable emer-

Managing a sanitary and safe foodservice operation

The overall goal of a sanitation program is to control the handling of food from purchase to service to ensure its safety. The manager has a number of factors within his or her control that can ensure a sanitary operation and safe food. These control points include:

□ **Hiring foodhandlers**. Job applicants must be observed for the physical signs of health problems and for poor hygiene habits.

□ **Purchasing and maintaining equipment**. Equipment and facilities must be designed and maintained with sanitation in mind.

□ **Purchasing food**. Food must be purchased from safe sources and checked immediately upon receipt.

□ **Storing food**. Food to be stored for any period of time must be kept at the proper temperature and humidity. The first in, first out rule must be observed.

□ **Preparing food**. Food should be prepared as close to serving time as possible. The cardinal rules of time and temperature must be observed.

□ **Serving food**. Proper handling of utensils and food items is required during service. Foods for self-service must be displayed so that contamination by patrons is avoided.

The foodservice manager has control over each of these factors. How much control is exercised depends on the skills and attitudes of the manager. The manager who knows what the sanitation hazards are, develops a sanitation program to prevent contamination, and hires and trains workers is three-fourths of the way to ensuring safe food. The final factor in any sanitation program is evaluating the results.

Evaluating results is a part of any management operation. So it is with sanitation. Few people know the facility and the employees as well as the foodservice manager. Even the health inspector will not know every potential hazard in the operation as well as management. Evaluating the sanitation program, including procedures and employee progress, is a vital part of keeping food safe.

There are many ways to gather information on the success of sanitation efforts. You can watch the sanitation activities in progress as your employees carry them out. You can ask them about their jobs. You can survey the physical results of their efforts. Or you can go to your most important source of information—and your most difficult critics—your guests.

□ **Supervision and employee feedback**. The manager's responsibility for safe foodservice doesn't end when a trained employee is assigned to do a job. A manager must continue to make certain, through regular, on-the-spot observation, that tasks are being properly performed.

Employees should not be made to feel that they are being graded or spied upon, but that their work is important. It should be made clear to them that the boss is interested in what they do and how they do it and is receptive to new and better ideas. If problems are discovered, the employee should be shown how to correct them. Discipline alone is not going to change worker actions.

Supervision is made much easier if employees are motivated to do a good job. Much of this motivation should be accomplished during training, but the way employees are treated on the job will also have a

telling effect on their morale. Treat your employees as fully contributing members of the foodservice team, and the chances are good that their actions will fall in line.

Employees can be valuable sources of information when it comes to sanitation. They may observe things during their jobs that do not seem quite right yet they may not tell the management for one reason or another. Managers should encourage constructive feedback from employees who perform sanitation-related tasks or are directly involved in the preparation and service of food.

The best way to get information from employees is during employee meetings. Encourage employees to let you know if they have noticed problems, as with equipment or pests, or if they have ideas for improving sanitation. Their comments could be enlightening. For example, you may discover that the reason the sanitizing solution is not working is because it is not dispensing properly into the machine, or you may discover that no one is around to check poultry deliveries when they arrive.

□ **Self-inspection.** Another way in which you will be able to tell whether sanitation efforts have borne fruit is whether you can pass your local health department's inspection. But you cannot rely on these infrequent visits to monitor the day-to-day success of your attempts to prevent contamination. You must develop a system for continually and systematically checking on all phases of your operation to assure yourself that unsafe conditions do not arise, despite all your efforts. The best way is through regular self-examination.

Self-inspection must be thorough to be valuable. A quick run through the facility is not sufficient. Self-inspection should be a regularly recurring task performed by trained personnel who are familiar with the establishment's overall operation.

What should be inspected?

A self-inspection program should cover the following areas:

□ Personal hygiene of foodhandlers and servers
□ Foodhandling practices
□ Receiving areas
□ Food storage areas
□ Food preparation areas and equipment
□ Food-holding equipment
□ Food transportation equipment
□ Warewashing and storage areas
□ Lobby, dining rooms and serving areas
□ Customer restrooms
□ Employee facilities
□ Storage areas
□ Inside and outside garbage and trash storage and disposal areas
□ Boiler rooms and mechanical operating equipment; utilities installation.

When should self-inspection occur?

Self-inspection that is a regular part of a management routine is the most valuable. The manager should categorize the areas and sanitation practices into an inspection schedule that is flexible. Self-inspection should be conducted as often as necessary to identify and solve sanitation problems. If certain areas are constantly found to violate sanitation standards, they should be inspected more often until corrective measures have ended the problem.

The food preparation procedures should be observed as often as possible during busy periods because this is when sanitation problems are most likely to occur. Storage areas should be checked regularly to ensure that food is being held at proper temperatures. Employees should be observed every day for signs of illness or poor personal hygiene.

When conditions are found that do not measure up to sanitation expectations, steps should be taken to remedy the situation as soon as possible—immediately if the problem results in direct food contamination. These steps may be as simple as replacing worn scrub brushes or defrosting the refrigerator, or more complicated measures such as emergency training sessions may be required.

Developing a sanitation checklist

So many small but important details should be reviewed in the process of your sanitation self-inspections that it would be easy to overlook some. The manager of even a small operation may find it desirable to make inspections on the basis of a checklist.

Checklists for facility-wide inspections can be obtained from a variety of sources, including national, state and local public health departments. To be most helpful, however, your checklist should cover your particular establishment in detail. It should be compatible with your local foodservice sanitation regulations. It should also be organized so that you can conduct either full-scale inspections or spot checks of problem areas.

The National Restaurant Association publishes a guide to developing your own sanitation checklist. This publication is called *Sanitation Self-Inspection Program for Food Service Operators* and is designed so that the checklists can be removed and copied for repeated use.

In the guidelines accompanying its checklist, the National Restaurant Association recommends that you keep your self-inspection sheets on file. Copies can then be furnished to local regulatory agencies as a token of your interest in sanitation. This cooperative action will encourage them to regard your establishment in a favorable light. Agency representatives may be able to identify your special problems on the basis of these inspection sheets and to assist you in finding solutions. The self-inspection records will also be useful as evidence of your active sanitation program in case you are confronted by representatives from the news media or consumer groups. They can be useful in the event of a legal problem.

The National Restaurant Association has published a 24-page book on self-inspection called *Make a S.A.F.E. Choice: Sanitary Assessment of Food Environment* this year. The book's five chapters include overviews of self-inspection systems, major foodborne diseases, potentially hazardous foods, applying the principles to your own process and planning for crisis management. This material is also covered in a seminar by the same name.

Excerpted from Applied Foodservice Sanitation, *a certification course, 3rd edition, 1985. The course is offered by the Educational Foundation of the National Restaurant Association.*

gency, Clingman believes that the major area of concern for independent operators is foodborne illnesses. Every crisis management team must examine its operation to reduce sanitation risks. This includes evaluating the menu to determine which items or ingredients can be considered high risk and also entails managers asking themselves if they are effectively encouraging a safe sanitation philosophy with responsible interviewing, hiring and training habits.

For the short-staffed independent operator, it may be difficult to tell an ill waitress that she cannot work—but it is essential. "The owner/operator who sends a sick waitress home has done two things," says Clingman. "He/she has reduced a possible risk, and has also made a statement for the other employees."

Educating employees

Opening the lines of communication among all members of a restaurant staff is fundamental to the formulation and institution of a foodservice crisis management plan. The training of the hourly employees can be as important as the drilling of the upper-level management team. Hourly workers come in contact with customers and figure greatly in the day-to-day running of the operation. It is not unlikely that the moment of truth in a potential crisis will occur when one of these employees recognizes a hazardous situation or receives a complaint. Poorly prepared workers can be a weak link in any crisis management situation.

In addition to reinforcing proper hygienic practices and food handling techniques, all employees should be trained to detect potential disasters in their work areas. This includes pointing out customers who behave in a drunken or erratic manner as well as spotting any hazardous situations, such as loose banisters, burned-out light bulbs, carpet tears or dangerous equipment.

Employees who are well prepared are more likely to correctly handle a potentially serious situation in the restaurant. Updated phone lists posted near each company phone will reassure employees and help operators reduce their risks. In addition to the emergency numbers discussed earlier, these lists should include all the members of the crisis management team; listings for police; health and fire departments; and the company attorney and insurance agent. Include both regular and after-hour telephone numbers as applicable.

All employees should also have access to standardized forms for recording incoming complaints. At the minimum, every operation should have separate forms for recording foodborne illness complaints and for reporting employee or customer injuries. These forms help avoid forgetting or omitting information that can prove important at a later time.

All members of the operation must realize that every complaint is a serious matter that must be evaluated carefully. Employees should be instructed to refer all complaints, as soon as possible, to their immediate manager or a designated team leader. Workers should be cautioned that any complaint is confidential until its legitimacy has been established. Employees may not realize the seriousness of a potential crisis situation if the fundamentals of crisis management have not previously been stressed in the restaurant.

Risk management and insurance

Regardless of how thoroughly a staff has been trained, some crises will be unavoidable, and many, such as floods, fires and foodborne illness outbreaks, will have the potential to close an operation indefinitely. Planning for the financial impact of these unavoidable disasters, through a concept known as risk management, is a recommended part of any crisis management plan.

Risk management—a formalized system of steps aimed at controlling losses and minimizing the consequences of losses when they do occur—is an integral part of the crisis management plan at most major foodservice chains. Insurance is one important element of a risk management plan, but risk management's elements actually filter through all aspects of an operation and go hand-in-hand with the basics of crisis management.

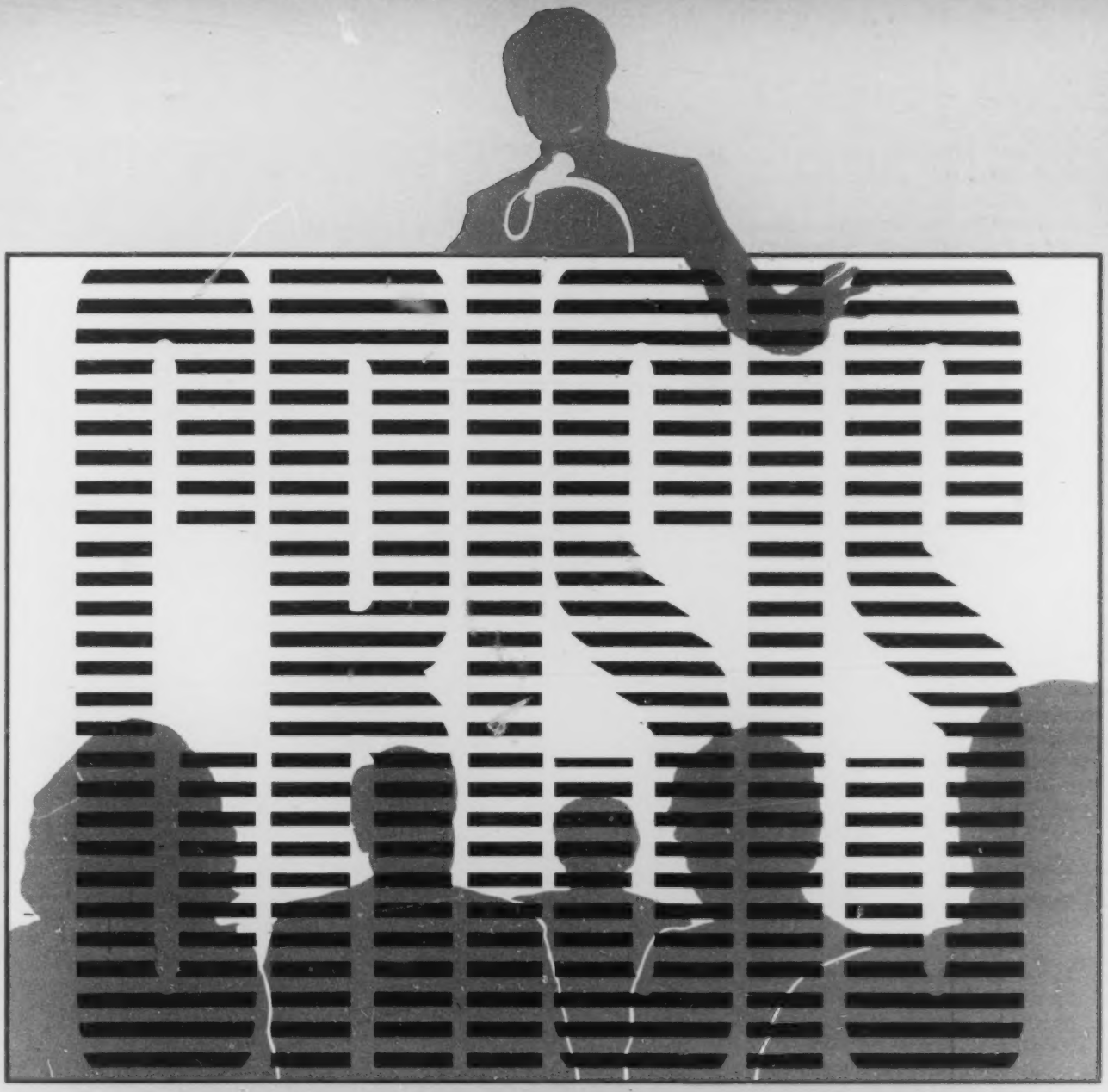
Any business that is subject to unexpected loss—in other words, any restaurant—should be interested in protecting its assets through risk management. Few small or single-unit operations, however, have formalized risk management systems, says Ron Summerville, associate manager and consultant for the Wyatt Company, a risk management and actuarial company that is not affiliated with any insurance company. All too often, he says, independent operators are so involved in keeping a business afloat that they do not give a lot of thought to ancillary considerations, such as accounting, banking or insurance.

As an example, Summerville points out that few restaurateurs recognize the need for business interruption insurance. But as numerous unfortunate operators can attest, many restaurants are unable to make it through the slow months that often follow a reopening if they are unable to recoup the money that was lost while the business was closed. "Business interruption insurance is designed to keep a business in a 'hold position' after a disaster," explains Summerville. "In most cases it's something that's vital to them."

Risk management, however, does not simply mean buying more insurance. In fact, Summerville emphasizes that too much insurance can destroy a restaurant's profit margins. Operators can meet with risk management experts to determine what the optimal type of coverage will be. This involves analyzing and identifying an operation's exposure to certain crises and estimating the impact of each. Restaurateurs must determine how much of the risk they want to transfer to the insurance company or other funding alternatives and how much of the risk they should retain. The liabilities that are retained then can be controlled by extra emphasis within the operation to prevent accidents or unexpected loss in these pinpointed areas.

Minimizing damage

If an operator has taken steps to protect the operation, a crisis situation at a restaurant will not necessarily be destructive. By investigating ways to prevent disaster, and establishing standby measures to be activated when the emergency occurs, the best can be made out of a bad situation. ❑



COMMUNICATION

Handling the press during a crisis is never easy, but a well-planned crisis communications strategy is essential to successfully defusing a potential disaster. Regardless of how successfully management has otherwise resolved a crisis, faulty and inadequate communication can erode credibility and cause long-term damage to a business. That is why every operation, from a small independent to a large chain, should be ready with a prepared crisis communications plan.

When an illness, accident, act of violence or other crisis occurs in a restaurant, restaurateurs must be prepared to talk to the media.

Establishing principles

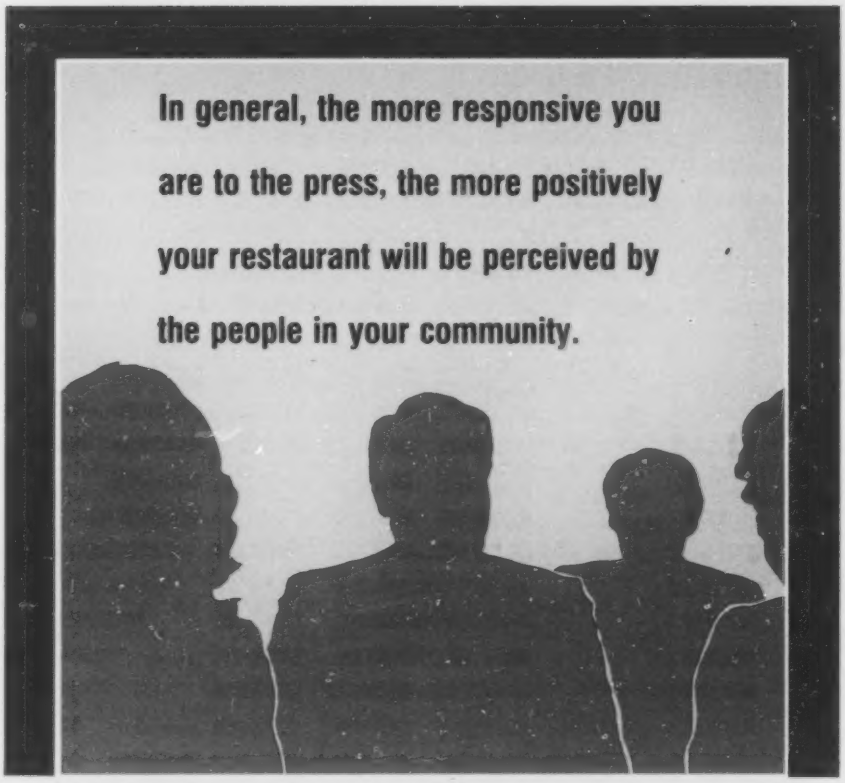
The first step in creating a crisis communications plan is to establish the policies, principles and goals that will guide it. In all cases, your best interests are served by adopting a policy

of full disclosure and cooperation with the community, press and local officials.

Take the initiative in disseminating information. By getting the facts out quickly, the spokesperson can stop rumors and provide reassurance to the public. In this way, you can demonstrate that management and public authorities are taking every possible step to resolve the crisis. In general, the more responsive you are to the press, the more positively your restaurant will be perceived by the people in your community.

The importance of being truthful cannot be overemphasized. An operator's credibility before employees, the press and the public can be destroyed by one lie, misrepresentation or intentional failure to disclose relevant information.

The successful crisis management plan needs the support of all employees. Keeping them updated and providing them with instructions on a regular basis helps them overcome their feeling of helplessness and frus-


In general, the more responsive you are to the press, the more positively your restaurant will be perceived by the people in your community.

Bump and run, nuggets and bridging

As the public has become more interested in the foodservice industry, restaurateurs are realizing the importance of preparing in advance for media questioning. Some operators are using training seminars to learn privately from their mistakes, rather than reading about them in the next day's newspaper or viewing them on the news.

Bill Patterson, vice president of Corporate Communicators, teaches one such day-long seminar. In his program, executives and managers can learn new techniques for dealing with intense media situations. Terms such as "bump and run," "nuggets" and "bridging" are being used to teach restaurateurs how to turn a potentially bad situation into a positive public relations opportunity.

What is the meaning of these terms which Patterson believes "will soon be understood in progressive restaurant management training programs"? He explains: "Operators are learning to quickly 'bump' negative questions and then 'run' to their positive comment on the situation.

"The 'nugget' is another simple technique that is often forgotten in the heat and glare of a tense news interview: Keep your answer short and to the point (20 seconds maximum) and don't babble on with more than you want to say."

Finally, "Savvy restaurateurs understand how to bridge an unfair question with a quick phrase: 'That's an interesting point, but the bigger question here is what our industry has done to improve foodservice. . . . '"

As a rule, says Patterson, one should remember to "be honest, be candid and beware." Candor will enhance credibility among those who matter most—employees, customers and stockholders.

Crisis communications policy

No matter how large or small your operation is, you should have a written crisis communications policy. This list of objectives will ensure that each member of your team has the same goals in times of emergency. Here is a sample list:

1. Our first priority, at all times, is to protect the well-being of the general public and our employees.

2. The spokesperson is the only member of our organization who will make public statements.

3. We will make public our intentions to cooperate fully with any investigation.

4. We will disseminate information as quickly as possible.

5. We will be truthful at all times; we will hide no relevant facts from the community, press or employees.

tration and could ensure cooperation at a time when it is needed most. In addition, your employees inevitably talk to a large circle of family and friends. Keeping everyone informed ensures that your operation will provide consistent information.

Throughout the crisis, all official inquiries should be referred to the spokesperson. That person is the only one who should release statements.

Spokesperson guidelines

It is the spokesperson's goal at every meeting with the press and public to control the direction of the interview. In the early stages of a crisis, reporters often will not yet have a game plan or particular angle they want to pursue. There may be a great deal of confusion, misunderstanding or fear, particularly in the first hour or so following an incident. Because the spokesperson is in charge of answers to questions about the crisis, the spokesperson is in a favorable position to control the interview if he or she has determined in advance the points that will be made.

Recouping your good name

Waiting until the disaster is nearly over, however, is not the most effective way to nullify the damage to your restaurant's business and reputation. Instead, the process of recouping your operation's good name should be an ongoing process from the moment you perceive the first indication of an emergency.

When appropriate, make a humane gesture that will capture the imagination of the public. This gesture may vary in proportion, depending on your financial resources and the dimensions of the original crisis. It may be a cast-signing party for a person who broke a leg in your dining room, or it may be college scholarships for the children of individuals incapacitated through violence in your parking lot. Make an honest heartfelt gesture, but the media that covered the original incident should know about your action.

You will find that the public will be on your side if you have been frank and candid with them and if you have truly projected a sincere concern for the welfare of your customers. Remember that a restaurant's customers are its most valuable asset.

"I just don't have the time" or "It will never happen to me" are two of the most common excuses given by operators who have not instituted a crisis management plan. In this age of rising costs and hazards, however, being prepared for emergencies is a necessity, not a luxury. For today's foodservice operator, lack of preparation can be a recipe for catastrophe. ❑

Working with the press

1. Have a message in mind before you begin each interview and work to direct the interview toward that message as you answer questions.

2. Answer explicit questions directly if it is obvious that you know the answer.

3. Unless you are absolutely certain about the answer to a question, don't try to answer it. But remember that "no comment" is the worst response that can be given to the media during a crisis. Instead, say, "I will get back to you after I gather all the facts."

4. Make it clear that the welfare of the victims and the community is your top priority.

5. Let everyone know that you are a "good citizen" by emphasizing your past safety record. Let the public know that you had taken precautions, but that the event was unavoidable.

6. Never answer a question "off the record."

7. Be thorough in preparing statements. Limit the opportunity for anyone to speak off-the-cuff.

8. Be certain that every statement you release is clear and concise—free of ambiguity or technical jargon.

9. Align yourself with the public. How you are perceived is almost as important as what you say. The public is interested in what affects them, not what affects your operation. If all statements are made from the public's point of view, not the restaurant's, your position will be more acceptable and credible.

10. Make the public and customers feel that everything is under control. Be truthful and factual about the current state of the situation, the cause of the incident and the effect of the incident, and report the facts as calmly as possible. But if the media is going to quote you, say what you want them to know. Remember: If you don't want to hear it or read it, don't say it.

11. Be cooperative and make yourself available to the media. Present your position and give the media the information that the public should have. It is in the best interest of the company if this information comes from you rather than other sources.

12. Treat all reporters equally. Return calls as promptly as possible to establish good ties with the media. Let reporters know when updated information is expected.

13. Do not allow yourself to be provoked. Humor, unless unsuitable to the situation, is an effective way to defuse hostility.

14. Decline to assign blame or possible causes of the crisis until all the facts are known.

15. Consult with experts when necessary. The public does not expect you to be an expert on technical matters. So, instead of exceeding the boundaries of your knowledge, get the assistance of authorities who can make appropriate statements related to your crisis. A medical expert's testimony about a disease or a foodborne illness, for example, can be a great help in clarifying the subject and allaying the public's fears.

16. If a reporter tells you what someone else has said about the situation, don't feel compelled to respond to the other person's comments. Instead, simply restate your position.

Adapted from The Foodservice Operator's Crisis Management Manual *published earlier this year by the National Restaurant Association.*

RESTAURANT

T-SHIRTS

by Cecelia Niepold

Want to create hundreds of walking advertisements within a matter of weeks? Boost your bottom-line profits without spending a fortune in start-up costs? Start selling T-shirts.

Skeptical? Hard Rock Cafe T-shirts are worn by millions around the world. The Bull and Finch Pub in Boston sold $75,000 worth of its wearables in just one week. And, San Francisco's Fog City Diner T-shirts have been spotted as far away as the sidewalks of Europe.

No longer bland, utilitarian undergarments, T-shirts have become desirable, even fashionable, personality statements. Americans seem to love bright, jazzy T-shirts with catchy logos and an association with a specific place or event. Restaurant T-shirts fit that bill perfectly. They make great souvenirs and presents, and they are a favorite way for customers to say, "I've been here."

You, too, can reap the rewards of merchandising T-shirts. "It's not a big investment," maintains Thomas Kershaw, owner of the Bull and Finch Pub. "There is gold in the product market."

Think about it. If each T-shirt costs an average price of $5 and sells for $10, you only have to sell one T-shirt a day to cover costs. And for many restaurateurs, just covering the costs of T-shirts is more than worth the intangible benefits of their long-term advertising value. "I don't think you can put a price on the promotional value of T-shirts," says Geri Kelley, advertising director for Jose Babushka's in Grand Rapids, Michigan. "We never intended to make a lot of money from our T-shirts; they are simply a great vehicle for merchandising our name."

Although casual and theme restaurants have traditionally been associated with T-shirts, more upscale establishments are realizing the promotional benefits of the products as well. Jeannette McNeil, director of sales for Winterland Productions, a large sportswear manufacturer in San Francisco, points to the Rio Grill, a contemporary Southwest/California cuisine restaurant in Carmel, California, as an example. "The Rio Grill's T-shirt design is so beautiful (raised white letters atop a slash of bright tangerine and aqua against a peach background) that it captures the essence of the fine dining at the restaurant," she says.

A multitude of uses

Because T-shirts are fairly inexpensive to produce and can be developed in many different forms—from short sleeves to tank tops—there is no one way to merchandise them. Here are some ideas:

□ **The logo.** One of the simplest ways to create a T-shirt is to use your restaurant's logo as the primary focus. If you have a great logo, why not let your customers advertise it? The Fog City Diner in San Francisco, for example, decided to use its signature "Don't Worry" clock, which brightens the outside of the restaurant, as its T-shirt's centerpiece. The T-shirt re-creates the logo with fluorescent lime green letters that jump off the bright red diner-shaped background. To give the shirts a different, more personalized look, the letters are slightly raised, creating an almost three-dimensional effect. The strategy has worked. "We sell at least 10 to 15 shirts a day," says general manager Doug Biederbeck.

□ **Catchy slogans.** Catchy slogans can also build customer recognition. At Estaban's, a seven-unit Mexican restaurant group in Minneapolis, Minnesota, yellow letters on forest green T-shirts say, "Fill to this line with margaritas." The slogan is underscored by a bold dotted line. "We sell the shirts for $4.95—just above cost—because we just want to remind customers about our concept in a catchy way," explains Cindy Mingo, controller. The company also produces children's T-shirts which say, "Fill to this line with tacos."

□ **Menus.** Some restaurants have found that printing their menus on T-shirts can be effective. The Sports Cafe, an upscale seafood place in San Francisco, has been promoting its menu on the backs of customers for years. Although the menu has changed somewhat, the shirt continues to work as a marketing tool since it does not include prices and clearly communicates the restaurant's seafood concept.

□ **Emphasize unique association.** If your restaurant has a unique appeal, something special about it that you can promote, T-shirts are the perfect vehicle. For instance, the Bull and Finch Pub in Boston has become famous through its association with the "Cheers" TV show. "When people realized we were the inspiration for the show, we put both logos on our shirts and sales really began to climb," explains Thomas Kershaw. Now the company sells 40 different items, from running gear to glassware, and has set up a separate corporation to handle the marketing and merchandising. Kershaw expects his merchandise business to bring in about $4 million this year through local vendors, sales at the pub and a new catalog.

Sloppy Joe's in Key West, Florida, has also turned an association into a profitable sideline. Long-known as Ernest Hemingway's hangout, the bar has printed T-shirts and other merchandise with an illustration of Hemingway on the front along with the bar's name and location. Sales have been so strong (50 to 100 dozen shirts a week) that there is now a small boutique in the bar featuring the T-shirts and other items.

□ **Special events.** T-shirts are also a great way to promote special events. Jose Babushka's, a Polish-Mexican concept in Grand Rapids, Michigan, has turned this art into a science. Its two locations each have special promotions about every other month, and the company produces a customized T-shirt for each event. The shirts' themes reflect the emphasis of the individual promotions, using the company's signature cartoon characters—Jose and his burro—in different ways. For instance, for a beach party, Jose and his burro were featured sitting in lounge chairs sipping cold drinks.

Hard Times Cafe, a two-unit chili restaurant in Alexandria, Virginia, and Rockville, Maryland, also produces different T-shirts for the annual chili cookoffs the company co-sponsors. The T-shirts, which usually include the restaurant's signature "Depression-era child in a washtub" logo, are sold at the events and are generally underwritten by the other sponsors. The partnership works well. Hard Times doesn't have to invest in the cost of the T-shirts, patrons enjoy taking home a souvenir and whatever profits are made are donated to a designated charity.

□ **Community events.** T-shirts are also a popular way to publicize involvement with local events. For instance, Nick's International Sportsmarket in New York City hosted a brunch on the morning of the New York marathon, giving away "official" marathon T-shirts to all customers.

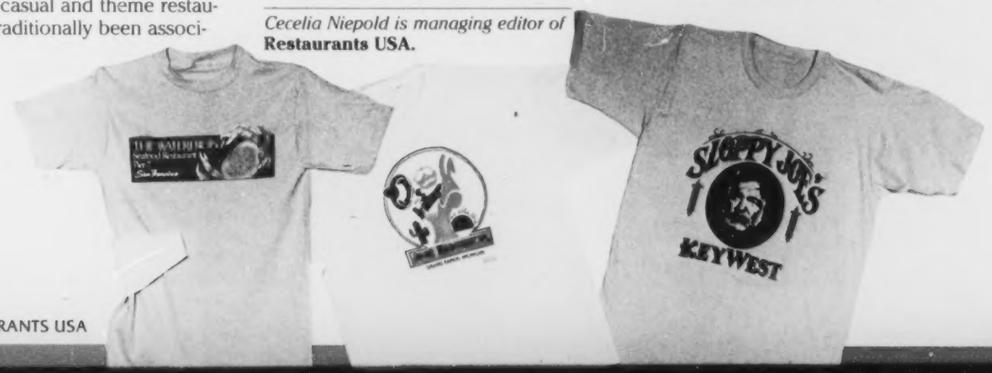
And, the Lynnhaven Fish House, a seafood restaurant in Virginia Beach, Virginia, benefited from communicating a local concern with its T-shirts. The restaurant received a certificate of recognition from the Chesapeake Bay Commission for giving away thousands of T-shirts which said "Save the Bay" in four different languages.

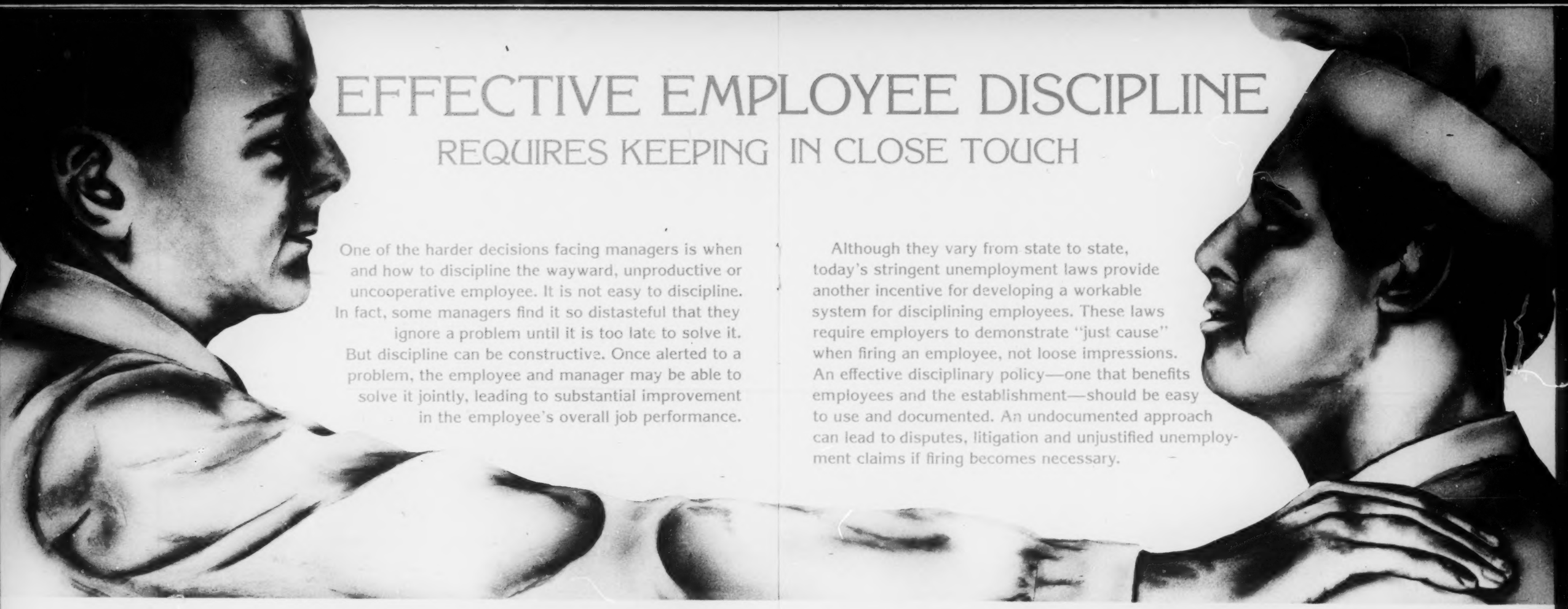
Only a beginning

Whatever design and merchandising method you choose, T-shirts offer much opportunity for building business and profits. They can be used to promote your restaurant, emphasize something special about your establishment or be given away as unique promotional gifts.

And, once you start reaping the rewards of T-shirt sales, you may want to branch into other merchandise or even catalog sales. As Thomas Kershaw says, "Once a restaurateur decides to merchandise products, he/she may find it becomes one of the largest profit centers." ❑

Cecelia Niepold is managing editor of **Restaurants USA.**





EFFECTIVE EMPLOYEE DISCIPLINE

REQUIRES KEEPING IN CLOSE TOUCH

One of the harder decisions facing managers is when and how to discipline the wayward, unproductive or uncooperative employee. It is not easy to discipline. In fact, some managers find it so distasteful that they ignore a problem until it is too late to solve it. But discipline can be constructive. Once alerted to a problem, the employee and manager may be able to solve it jointly, leading to substantial improvement in the employee's overall job performance.

Although they vary from state to state, today's stringent unemployment laws provide another incentive for developing a workable system for disciplining employees. These laws require employers to demonstrate "just cause" when firing an employee, not loose impressions. An effective disciplinary policy—one that benefits employees and the establishment—should be easy to use and documented. An undocumented approach can lead to disputes, litigation and unjustified unemployment claims if firing becomes necessary.

by Kathy Boyle

Operators unanimously agree that the key to effective employee discipline is keeping in touch with employees. Good communications begin with clearly defined expectations. Often this begins during the job interview. "We explain our system of 'core values' to potential employees at the interview," explains Mike D. Elam, manager of The Winds Restaurant, a 200-seat establishment in Lenexa, Kansas. Core values include such things as a positive work attitude. "This means when employees are on the job, there are no negative conversations or raising of voices," notes Elam. Other core values include appearance and cleanliness. "We tell them what is expected of them before they step a foot in the door," says Elam.

Kathy Boyle is a freelance writer in Rockville, Maryland, who writes frequently for **Restaurants USA.**

Developing an employee manual

An employee manual is an excellent resource for keeping the company's values before employees. It should outline a company's expectations and serve as an ongoing reminder of unacceptable practices, such as stealing, drinking on the job, health violations, repeated tardiness or too many sick days.

In the past, company manuals were often dry and hard to read. A number of innovators, however, have developed easy-to-read, straightforward versions. At Walt Disney World (22,000 employees; 220 restaurants) in Orlando, Florida, for example, employees are handed a six-page color brochure outlining the company's traditions. "It is part of the way we avoid the problem of having to discipline employees," says Wallace D. Sears, senior publicist. Although the brochure is written simply, critical company expectations are underscored. "For example, in the brochure we stress that we serve 'guests,' not customers or patrons," says Sears. This difference affects employee attitudes and behavior toward Walt Disney World visitors.

But no matter how readable a manual is, it is worthless if the employee does not read it. At The Shore Bird Restaurant in Princeton-by-the-Sea, California, employees are tested on the content of the manual, and the results are kept in each person's personnel file. In addition, employees sign a statement that says they have a clear understanding of the rules outlined in the manual. "In this way, you avoid the 'Oh, I never knew that' statements," notes Rob Buckley, owner in charge of operations at The Shore Bird. "If need be, you can say, 'Excuse me, you said you read and understood the company policy and signed a statement that you did.'"

Disciplining step by step

At The Winds Restaurant, management has developed a one-on-one system of supervision to quickly deal with potential disciplinary problems as they arise. "Our management style is what we refer to as 'high touch,' rather than 'high tech,'" says Elam. "Our belief is that the companies which will be successful in the future must reach out and cultivate the guest. To do that, we have to reach out and cultivate the employee as well."

Most companies have a more structured approach, however. When company rules are broken, a system of warnings is usually used to bring problems to the employee's attention. Usually, the system includes the following steps: restatement of expectations, discussion of the problem with the employee and a signed agreement to correct the problem, a warning if the performance does not improve and, finally, separation if expectations are still not met.

Many operators issue oral warnings for minor infractions and written warnings for more serious offenses. At Allan Elias Catering in Minneapolis, Minnesota, for example, employees are given two oral warnings before the company issues a written reprimand. If the problem is a major one, however, the employee is given a written reprimand the first time, so that he knows another similar problem could cost him his job, explains Allan F. Elias, president. "Of course, in the catering business items are going to be forgotten when we go out on a job. It cannot be helped. Although it can be a serious problem, and one that affects business, it is probably only worthy of an oral warning. However, smoking on the job is not tolerated at our company, and everyone knows it. If I find employees smoking, I know they have no respect for others, and they should be written-up," he says.

Like most companies, Allan Elias Catering usually tolerates two written warnings, but after the third warning, the employee gets fired.

At Fairfax County Public Schools in Springfield, Virginia, the approach is more formalized. "In a large organization such as ours, we follow the book—the employee manual—very closely," says Dorothy Pannell, director of foodservice. "Once a problem is identified, we schedule a meeting with the employee. If after this meeting the problem persists, the manager prepares a letter outlining the problem. This letter is discussed with the employee and is put into the employee's personnel file. At this point the employee has 60 to 90 days to correct the problem. If, after this time period, the problem is not corrected, the manager prepares another letter in cooperation with the personnel de-

partment outlining a probationary period, referred to as a 'period of improvement.' This letter puts into writing the employee's alternatives: often demotion or separation," says Pannell.

Because on-the-job conflicts often stem from personality differences, Pannell says, "We always offer the option to transfer the foodservice employee to another school. And, very often, I have seen employees that had a problem in one location blossom in another."

If employees disagree with decisions reached, they do have access to a grievance procedure, which is handled through the school system's central offices. However, in Pannell's 13 years with the Fairfax County Public School System, she has seen only two grievances taken all the way to the top.

Documenting the problem

Some operators believe that it is unrealistic to expect managers to take time to discuss problems during a busy shift. So, they have developed simple forms managers can use to record unsatisfactory or superior performances called "disciplinary actions" or "complimentary actions." "We wanted something easy to grab during a busy shift," says The Shore Bird's Buckley. "It is really nothing more than a half sheet of paper with space for the name of the employee, the name of the supervisor, and the date and time of the incident."

The forms include five action categories—appearance, performance, attention, attitude, policy—each with a box to check, making it simple for the manager to quickly pinpoint the problem area. The remainder of the space on the form is for a brief management description of the event. For example, if a busboy shows up in jeans instead of the required slacks, a manager checks appearance and notes jeans versus slacks. Then, the employee signs the form, and it is put in the personnel file.

Buckley is quick to note that to make the system work well, employees must see positive reinforcement as well. That is why superior performance is also documented.

Getting a consensus

This spontaneous assessment is only one part of the overall approach at The Shore Bird. "We do not want one person's opinion, but rather a group assessment," adds Buckley. "In addition to the record of actions, we ask for the department head's opinion, the peers' opinions and employees' opinions of themselves. This way we can compare how the employee thinks he or she is doing with what others think."

When the employee is told of the group assessment, sometimes there can be dramatic and gratifying results. "One time, we had an employee who performed well on the job and had a good attitude, but all the peer evaluations noted that he was a whiner who constantly complained. I told him the results of the group evaluation and explained that everyone said the same thing. He said he knew it too. Remarkably, he thought he could change, and he did."

Buckley believes his group evaluation system really works well. "I would say we get positive results in 99 percent of the evaluations," contends Buckley.

Flushing out problems with town meetings

A number of larger companies routinely hold give-and-take sessions where employees can ask management questions about company procedures. These are thought, by some, to head off a number of disciplinary problems. At Walt Disney World, for example, these meetings are open to all of the company's 22,000 employees. The president and top managers make themselves available to answer questions, offer suggestions and update employees on new procedures. According to Walt Disney World's Sears, these sessions are well attended.

In sum

It is important to develop a clear policy of discipline, to communicate it clearly to employees and to use the standards and procedures set up in the policy statement. ❑

Getting to the root of the problem

Restaurateurs agree that on-the-job difficulties are often the result of off-the-job problems, such as car problems, health problems, family problems or babysitter problems. "You usually have to talk to the employee to get to the heart of the matter," says Allan Elias, president of Allan Elias Catering in Minneapolis. "There is usually some underlying problem that should be worked out. If the employee does not want to share it with you, you might create some other support system. For example, I have several people in my employ who had chemical dependencies, in particular alcohol dependencies. Through counseling, they came out of it, and they are now an excellent resource for others with similar problems."

Rob Buckley, co-owner of The Shore Bird in Princeton-by-the-Sea, California, finds that there are often extenuating circumstances. "Once we ask the employee about the problem, something is flushed to the surface. It might mean we have to change the employee's schedule. Maybe his hours were such that he was never seeing his girlfriend or family. Or he did not think he was making enough money and had let his attitude get bad," he explains.

When such a problem surfaces, Buckley generally gives the employee 30 days to make changes, and then he schedules another review. If the review is good, he may award a raise or offer another benefit.

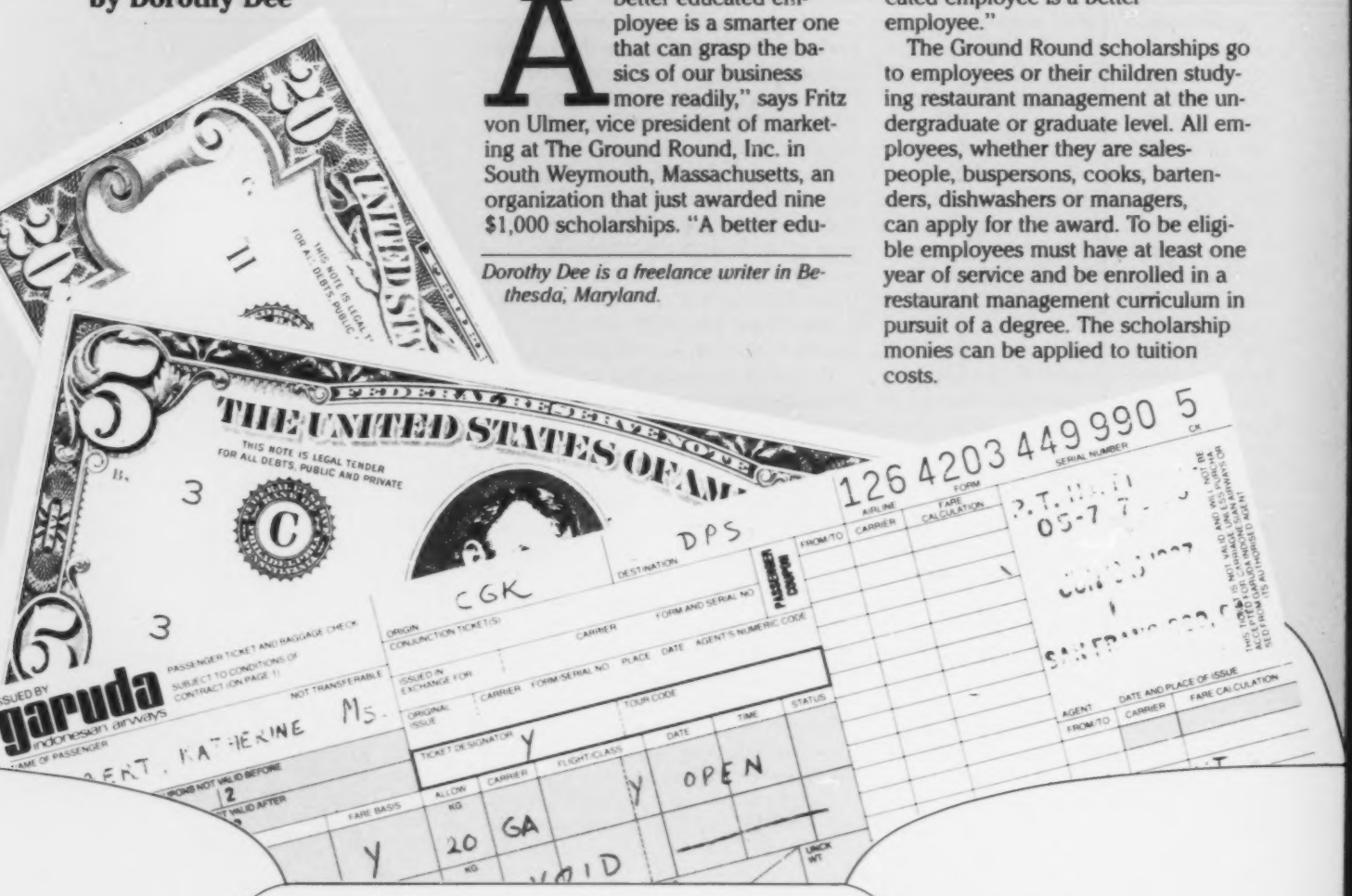
Other operators also give employees a grace period to make amends, and sometimes they take an active part in finding a solution to the problem. Mike Elam of The Winds Restaurant in Lenexa, Kansas, has helped employees solve car problems as a go-between with dealers and with a system of payroll deductions to handle car repairs or the purchase of a new vehicle.

Fringe Benefits

Education and Enrichment Programs

To remain competitive, many operators are looking beyond salary to fringe benefits to attract and keep qualified applicants. Educational assistance programs (scholarships and cash for college incentives) and employee enrichment activities (wellness seminars, management training, health education and language classes) are effective ways to produce more satisfied and loyal employees and a more stable work force.

by Dorothy Dee



A better educated employee is a smarter one that can grasp the basics of our business more readily," says Fritz von Ulmer, vice president of marketing at The Ground Round, Inc. in South Weymouth, Massachusetts, an organization that just awarded nine $1,000 scholarships. "A better educated employee is a better employee."

Dorothy Dee is a freelance writer in Bethesda, Maryland.

The Ground Round scholarships go to employees or their children studying restaurant management at the undergraduate or graduate level. All employees, whether they are salespeople, buspersons, cooks, bartenders, dishwashers or managers, can apply for the award. To be eligible employees must have at least one year of service and be enrolled in a restaurant management curriculum in pursuit of a degree. The scholarship monies can be applied to tuition costs.

Other restaurants offering scholarships to employees have similar eligibility prerequisites. Many require an employment history of at least three months or more, satisfactory academic performance (C or B average or better) at an accredited or licensed college or vocational/technical school and demonstrated leadership ability.

Cash for college expenses

Some restaurants, however, provide cash awards that are less restrictive. At the Burger King franchise in Grand Rapids, Michigan, an education bonus program which has been in effect for two years makes up to $2,500 available to eligible crew members for college expenses (tuition, books, dormitory fees) toward any line of study.

Jane Thome, human resource coordinator at the executive offices of the Grand Rapids Burger King, explains that the company embarked on the program after analyzing the results of a 1984 study of fast food workers, which showed that 60 percent of them would like to further their education.

Provided they work the required number of hours (24 per week) and have a high school or general education diploma with a C average, crew members accrue $1,500 after 12 months of employment, $750 more after six additional months of employment and another $750 at the end of 24 months of employment. Enrollees can start drawing on the cash at the end of their first year of employment, but the money can only be used while the crew member remains in the company's employ. If the student withdraws from school or does not satisfactorily complete the course work, the accredited institution returns any unused funds to the company. Of the 1,300 workers employed by the 24-unit franchise, 260 crew members have taken advantage of the program, are currently using it or are waiting to fulfill the time requirement.

And at this Burger King franchise there is an added incentive for workers enrolled in Davenport College, a local business school. Davenport matches the contribution for Burger King students, bringing the available benefit to a total of $5,000.

According to Micki Benz, Executive Director of the W.A. Lettinga Entrepreneurial Center of Davenport College, the college was attracted to the program because "We have a restaurant and lodging management curriculum, and we thought it was a natural." But Benz thinks that a similar program would work well with any local business college.

According to Burger King's Thome, "The cost is expensive, but the benefit program is well-spent. By providing these benefits we are getting a stable work force."

Management seminars

Not all educational programs are scholarships or cash awards in the traditional sense. Some can be as simple as an educational seminar.

Happy Joe's Pizza and Ice Cream Parlor in Bettendorf, Iowa, developed a series of voluntary seminars after discovering a problem with employee retention. "We felt there was a need for a more systematic approach to training," says Barbara Fackel, the company's training director. "The main problem was probably in the area of the assistant manager. We wanted to train them for management, but they weren't prepared, and, if a slot was open, they would be tossed in and not be ready for it."

Fackel now conducts a series of four day-long voluntary seminars for managers, supervisors and key employees at various locations throughout the 85-unit company and on company time. Topics aim to improve management skills and effectiveness on the job. Seminars focus on subjects like communication skills, supervision, interviewing and hiring new employees, orientation, motivation and performance review. Commenting on the company's new policy, Fackel said, "We are trying to retain some of our good people by offering training as a benefit. Now we are setting them up to succeed instead of to fail or leave us." Is it working? Fackel thinks so. "We haven't lost as many key people as we felt we were losing before."

The culinary tour

Sometimes educationally enriching experiences, such as a culinary tour

to an American city or abroad, can be quite elaborate. Carolina's Restaurant, a 60-seat establishment in Philadelphia, Pennsylvania, known for its broad ethnic menu and traditional home-cooked items, sent two chefs to the San Francisco area in the summer of 1986. According to General Manager Denise Kramp, "We tried to expose them to other cuisines similar to ours, trying to find items that might be of interest to our menu."

One of the more elaborate trips was a trip to Northern Italy by the owner and staff of Tosti's in Stevensville, Michigan. When Charles Mostov and his wife Ginger (also the executive chef) decided to revitalize their menu with more Northern Italian regional specialties, Mostov encountered resistance from the staff. "We wanted to create enthusiasm, to have the staff understand the direction we wanted to take the restaurant in. To do this we knew it would have to be a firsthand experience," explains Charles Mostov.

So Mostov picked up all the expenses for half of their 42-person staff (5 cooks, 14 waitresses and 2 managers) to travel to Italy to learn about Northern Italian specialties and wines firsthand so that when back on the floor they could make informed recommendations to patrons. Only the airfare was paid for by the staff. The Mostovs felt that by paying for the flight, the employees demonstrated their commitment to a career at their restaurant.

The party traveled to several cities in Northern Italy. Chefs took cooking lessons at some of Italy's best restaurants and even studied the preparation of Bolognese specialties with Italian cook Senora Pezzi. Through taste, smell and discussion, the rest of the party gained knowledge and appreciation of the cooking styles that distinguish one region from another. Trip highlights included dinner at Giannino's in Milan, the restaurant that inspired the decor of the original Tosti's.

Does Mostov feel remorse at the cost of the trip, an estimated $35,000? No way! He believes the investment has returned manyfold. "The biggest impact was in terms of the kitchen," he said. "We made a lot of changes when we came back. We changed the menu. We made major changes in menu descriptions, and dishes became a lot more delicate." It also boosted morale, says Mostov. "It raised the staff's consciousness of Italian food and wine. It gave them a sense of self-confidence. They came back and knew so much more. It was a tremendous boost in terms of staff morale and camaraderie. It also created a tremendous amount of interest in the community. People came here in wonderful numbers."

Enrichment programs

Teaching employees skills that are not directly job-related also boosts morale and decrease turnover and absenteeism.

□ **Wellness seminars.** Some operators have implemented voluntary wellness seminars on health and lifestyle-related issues. The Marriott Corporation offers voluntary wellness seminars of about one hour in length at noon at least once a month at its corporate headquarters in Bethesda, Maryland. Seminars address general topics such as stress reduction, single parenting and AIDS education or more specific illness-related subjects like diabetes, heart disease, bowel disease and headache control. Pam Farr, Marriott's director of equal employment opportunity and affirmative action, says, "All of this is a way to drive down the cost and increase the productivity. We are trying to get people to make their lives better, so they can be more productive."

The Peabody Hotel, a registered historic building in Memphis, Tennessee, is one of several area businesses that have tapped into a local hospital's Share Program. This program allows the hotel to hire a nurse who comes on-site two days a week. In addition to being available to answer the questions of sick or distressed employees, the nurse conducts seminars each month on self-care issues, such as AIDS awareness, CPR and first aid. Peabody Director of Human Resources Leslee Moore says, "This is a wellness program. You can never do enough for a person's wellness. It also helps the hotel because it cuts down on lost time."

□ **Medical research and counseling.** In March 1987 the Marriott Corporation hired Options and Choices, Inc. of Cheyenne, Wyoming, a private health education company whose other clients include Federal Express and Gannett News Service, to provide free medical research and counseling to any of the company's employees in the Washington, DC, area. Options and Choices, which operates out of Marriott's headquarters, is staffed by one physician, two masters-level nurses and one health information specialist. Employees can call Options and Choices from 8:30 a.m. to 7:00 p.m. five days a week. After the initial call, an appointment is made with one of the health professionals. According to Bob Dankmyer, director of employee benefits at Marriott, Options and Choices functions as a health education information resource, not a diagnostic center. "If any employee has a question about a condition or one that has developed with one of his/her family, he/she can call Options and Choices to find out all there is to know about the issue." "All there is to know" includes learning how to interact with the health care delivery system, the status of the latest research on the illness, and treatment and non-treatment options.

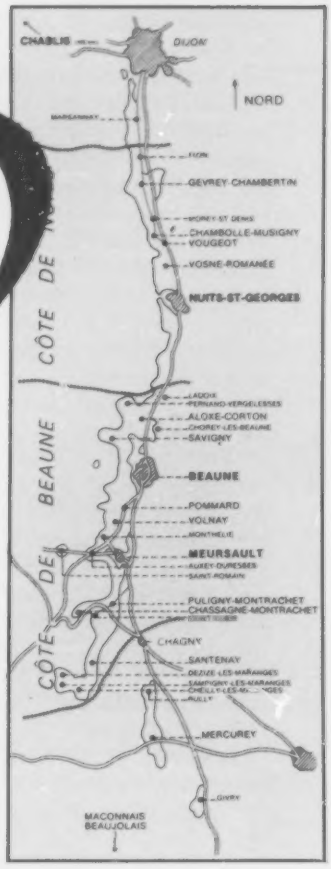
Options and Choices at Marriott is a test run. "Ours is a pilot test to see if we want to continue the test beyond the two-year period and to determine whether we want to expand the program into other parts of the country," explains Dankmyer. Although Options and Choices will cost Marriott $250,000 over the two-year period, the company hopes to reduce medical expenses by more than $500,000 in the same time frame.

□ **English as a second language.** In an effort to increase job retention and satisfaction among foreign-born employees, some companies sponsor voluntary English classes for their foreign born employees either at a local school or in-house. Companies expect reduced turnover, increased job satisfaction and the possibility of promotion through improved English skills as benefits.

In sum

Educational benefits are one more way that concerned operators are trying to build a stable, happy work force. ❑

BURGUNDY Wine TOUR DIARY



by Patrice Casey

On September 13, 1987, 29 American restaurateurs landed in Paris, France, to begin the first European wine tour sponsored by the National Restaurant Association in cooperation with Food and Wines of France, Inc.

As the National Restaurant Association's Wine Workshop came to a close last October in Monterey, an informal poll of attendees showed strong interest in a European wine tour. Subsequent followup prompted the association's Educational Foundation to plan a wine tour of Burgundy for the fall of 1987 with help from Food and Wines of France, Inc. in New York. What follows is a diary kept by one of the tour's participants.

Paris, September 13

We arrive at the train station in Paris with a few hours to spare before we are to leave for Macon, our first destination in France. It is a warm, sunny day, so a few attendees did what any self-respecting restaurateurs would do in a new city: They went off in search of a good restaurant for a quick meal. Not feeling too adventurous on their first encounter with French menus, the group opted for snacks of omelettes, quiche and *croque monsieur* (a distinctly French snack consisting of a ham and cheese sandwich that is dipped in an egg batter and lightly toasted)—staples at most cafes and brasseries.

A high-speed train whisks us to the vineyards of Macon. Our first dinner together is at La Ferme du Poulet Chef, once the main building on an estate where poultry was raised but now renovated into an elegant country restaurant. The bus stops outside an archway that leads to a pebbled courtyard with tables supporting enormous white muslin umbrellas. In moments, waitresses appear with trays of bubbly rose-colored kir made with champagne and a splash of cassis. Kir is a common French aperitif that takes on the character of its surroundings, sometimes elegant with champagne; at other times plain when it is mixed with Aligote wine.

Beaujolais, September 14

In the morning at Chateau des Granges we are welcomed by Henri du Rambiteau, who once worked in New York and therefore speaks heavily French-accented English. Grasping a *tastevin*, a cup used for tasting wines, Rambiteau shows his vineyards and cellars with classic French pride. Winemaking at his chateau combines the old with the new. Grand old oak casks sit next to shiny new steel tanks; both are used in the fermenting process today.

We follow Rambiteau down a narrow stone stairwell to his caves where small wine glasses await us on shelves along the front of the casks. Blackboards on the front of the casks are labelled with white chalk scrawls to indicate the vintage. As we taste last year's vintage, Rambiteau relates stories about the race each year to get the first bottles of Beaujolais Nouveau to market in November. He is amused at the lengths to which American wine merchants go to have the first wine in their area. Last year, some even booked seats on the Concorde to obtain the first cases of Nouveau. Over 50 percent of the Beaujolais harvest is now exported to the United States, Rambiteau says, because "it is the only white wine that is red."

Chateau des Granges has been in Henri du Rambiteau's family for six generations.

Patrice Casey is art director at the National Restaurant Association. Casey, a wine enthusiast, attended the wine tour at her own expense.

After lunch the group heads to La Maison Pierre Ferraud, a venerable shipping house for many regional wines. His labels indicate that Ferraud buys grapes from many vineyards to age and bottle as his "selections." Dressed in handsome black aprons bearing the Ferraud logo in red, Monsieur Ferraud and his sons offer a wide range for tasting, including Chiroubles, Macon-Village, Pouilly-Vinzelles and a unique Beaujolais Rose.

Chateau Bonnet, next on our tasting agenda, is a small chateau with just 30 acres of vines. Estates in Burgundy are generally much smaller than their Bordeaux counterparts. Chateau Bonnet grows only the gamay noir au jus blanc, the prime varietal of the Beaujolais region, and it produces about 16,000 gallons of wine. Production is vinified in the estate cellars enabling the winegrowers to bottle their various cuvees at the optimal moment, whenever it occurs.

The Perrachon family has been growing wine for four generations, and our guide is Pierre-Yves Perrachon, eldest son of the Chateau's present owner. Unlike his father or grandfather, he is an enologist who has studied wine-making in California. Pierre-Yves explains that his grapes are harvested from granite base soil, which endows the wine with exceptional finesse and longevity.

Small barrels serve as our seats at a table made from a section of one of the grand casks still bound by its original metal bands.

After a tour of the modern fermentation facility, we head down into the caves and emerge in the vaulted room deep beneath the winery that serves as Chateau Bonnet's tasting room. We taste a light Beaujolais blanc —a wine growing rapidly in production and popularity—as well as Chenas, Moulin-a-Vent and Julienas.

Dinner is at Faison Dore, a Michelin one-star restaurant in Villefranche, which opened especially for the group this Monday evening. A two-story stone building, the handsome dining room has large tables for easy conversation and antique armoires for storage beside the stone fireplace. After a glass of kir, pate and an appetizer of poached salmon comes the lamb entree, so tender it can be cut with a fork.

Tournus, September 15

An early morning visit to the Caves of Macon Lugny precedes a visit to the village of Chardonnay, and many of the restaurateurs comment that the dry, crisp wines of this region are the most popular French white wines on their lists. We taste Macon-Chardonnay, Macon-Lugny and Macon-Village as well as Pouilly-Fuisse and its lesser known neighbor, Pouilly-Vinzelles.

The sun is warm as we hike up a narrow path to our luncheon destination in the medieval village of Brancion, and we dine at the Auberge du Vieux Brancion. The Auberge was recently refurbished by Pierre de Muraud, the chef/owner, who centered a raised stone hearth in the main dining room and built pine storage cupboards to blend with the warm panelling. His family serves a memorable six-course lunch that introduces the group to *oeufs en meurette*, a hearty Burgundy specialty consisting of poached eggs in a red wine sauce.

The wines are perfectly suited to each course: Macon-Village de Chardonnay to start with a melange of green beans and lettuce; Macon-Rouge with the *oeufs en meurette* and the *cassolette de bouef;* and Pouilly-Vinzelles and Pouilly-Fuisse to accompany the fish, vegetable and cheese courses.

De Muraud's 10-year-old daughter makes a charming waitress, pouring wine as skillfully as a seasoned sommelier.

Dinner at Restaurant Greuze that evening is a gastronomic highlight of the trip. *Pate en croute* is followed by delicate fish *quenelles* (dumplings) in a seafood cream sauce that are perfectly poached. Tender slices of rare duck breast with a slightly sweet sauce is the main dish.

The service is impressive, even to this seasoned group of restaurateurs, and our request for a kitchen tour after the meal is met with a generous assent by Jean Duclox, the chef. His kitchen is remarkable. An array of porcelain crockery and copper pieces, sized for individual servings, sits in neat stacks on spotless stainless steel shelves. A center island stove allows Duclox to survey the entire kitchen at a glance.

Mercurey, September 16

The vineyards of Antonin Rodet surround a newly renovated chateau and tasting cellar. The Domaine of the Chateau de Chamirey, extending over 65 acres, has belonged to the Rodet family for four generations. We taste two whites, a *premier cru* Montagny Les Chagnots 1986 and Rodet's own Bourgogne Rodet 1982—a blend of chardonnay from the villages of Meursault, Puligny-Montrachet and Montagny.

The chardonnay is smooth and dry, with a hint of oak. One of the two reds is a rare Bourgogne Rodet Vielles Vignes 1978. It is the top of the class Bourgogne Rodet, made only with grapes harvested from vineyards older than 20 years. These grapes are richer in sugar, hold more tanin and colored matter and produce a higher quality juice, which is enhanced by vinification. It has a delicate nose of berries and spices with a long, mellow finish. The last wine, Mercurey Chateau de Chamirey, is distributed exclusively by Antonin Rodet and is a favorite in restaurants throughout the world. The 1982 vintage pinot noir has a richness of taste and body.

Beaune, September 17

Wine is the biggest industry here; everyone seems involved with it in some way. High-volume exporters like Pere Patriarche and Louis Jadot have been in Beaune for centuries.

The multi-colored tile roofs and cobblestone streets of Beaune give it a storybook quality.

Horses pull wagons loaded with wine in oak casks today in Beaune just as they did 200 years ago.

Our tour of the Hospice de Beaune is led by Berit Wallengren, a charming Swedish woman, who has lived in Dijon for many years. She weaves an enchanting history of the hospital/church/gallery for us. The restoration and maintenance of the hospice is financed by an annual grape auction at harvest time.

After an afternoon free to tour Beaune, we descend into Patriarche's historic in-town wine cellars, some dating from the 14th century. We taste five white wines, a dozen reds and a sparkling wine. Nuits St. Georges, Pommard and Musigny offer full-bodied delight. The white grand crus live up to their august reputation. They are dry and crisp with a hint of grass. The Puligny and Chassagne Montrachets are particularly noteworthy.

We taste the wines of Père Patriarche in their cellars beneath the old town's streets.

Dinner is at La Cote d'Or, and we have a guest speaker—Jean-Michel Lafond, director of the Office of Tourism. He demonstrates how one should taste wine—the French way—swishing wine vigorously in the mouth to open its full flavor and exhaling through the nose to capture the wine's true aroma. Complaining that Americans are uncharacteristically shy when tasting wine, he encourages us to lose our inhibitions as we taste. Under his instruction, we sniff and swirl our wines like true Frenchmen. Lafond, a native of Mercurey, expertly describes the region's unique geological peculiarities that combine with the weather to produce excellent grapes. The poor soil (primarily limestone with some clay content), continental climate (rigorous winters and hot summers) and shared exposures east and south make the region ideal for vineyards.

The region is well represented during our dinner. Chardonnay wines accompany our first course—an aromatic cream soup with whole snails topped with puffed pastry crust, a Burgundy speciality.

Meursault, September 18

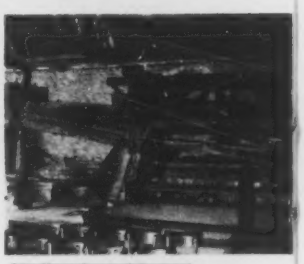
The morning fog still clings to the ground as we approach the Chateau de Meursault. Entering the foyer, we receive individual tastevins with the Meursault crest engraved on the handle. The intimate tasting rooms are lined with grand crus in wooden racks and hold candles which we are encouraged to use to check the wine's clarity. Puligny-Montrachet, Chassagne-Montrachet and other famous white burgundies are well represented.

Lunch is offered at the in-town location of Louis Jadot, a vintner, *negociant* and exporting house that ships more than 300,000 cases a year to the states. But first we visit their new Jadot bottling facility a few miles out of Beaune. It is bustling with activity as we arrive and white cardboard boxes with the familiar Baachus-head logo are stacked up to the ceiling. Many of the restaurateurs have Jadot wines on their lists and attest to their consistency and popularity. We descend in an elevator before our luncheon at the Convent des Jacobins which was built in 1470. Labeling and shipping operations were located here before the modern facility was built.

Our host for lunch, Andre Gagey, has been with Jadot for 33 years. We are seated on tapestry-covered benches in a room with a vaulted ceiling that was once a chapel. Lunch is family style. We help ourselves to bottles of Jadot Beaujolais and Musigny on each of the tables. Gagey proposes a toast at the end of lunch and presents a magnificent 1971 Musigny. It is delicate and buttery; good evidence of the trend toward higher quality reds from the large *negociants*.

We emerge from our lunch into the bright, hot afternoon to travel to Vosnee Romanee, a small producer of excellent red wines. Several restaurateurs buy vintages that are not available back home. Dinner is at Jean-Pierre Billoux's restaurant in a luxurious hotel in downtown Dijon. We ascend the grand circular staircase to enter the majestic dining room.

Cotes de Nuits, September 19



Medieval monks used huge presses to make the first wines.

Our last day in Burgundy starts early with a visit to the Citeaux Monastery to hear the morning chant of the monks. We tour the Clos de Vougeot, where the original wooden presses have been restored, and our friend, Jean-Michel Lafond, rejoins us to explain the layout of the winery.

Nearby, in Morey St. Denis, we visit our last winemaker, Jacques Seysse, at Domaine Dujac. We descend the narrow stairs to his cellars to share last year's vintage directly from the oak casks. Seysse and his wife extract wine directly from top of the casks with a "wine stealer" that looks much like a turkey baster. They will return to top off the casks we have sampled to prevent too much air above the aging wine.

As we tour the musty cellar, we see many large bottles, jeroboams, of their finest vintages. We are curious as to whether their presence indicates a strong, local demand for the grand bottles since they are rare in the States. No, our hosts reply, it is to prevent them from opening too many bottles of their finest vintages themselves except on very special occasions. Even winemakers have to conserve their stock.

We taste several vintages of Domaine Dujac and are impressed by their complexity. Then, just as we are about to depart, the owner brings out a mold-covered jeroboam of a favorite vintage. We are delighted as he uncorks and proudly pours from the heavy bottle. This is what fine wine is for, Seysse says, to share with good friends who appreciate its many facets. We toast to the wines and grand cuisine of Burgundy and, most importantly, to all of the inimitable French winemakers and restaurateurs who welcomed us so graciously. ❑

#87

Managing morale

Although morale is an intangible that is difficult to quantify with precision, the level of morale in a company—like all other aspects of organizational life—can and should be managed. Here is a discussion of some factors that affect morale.

1. The organization's context. Variously termed the "company culture," "esprit de corps," "the (name of company) way" or the "corporate style," each organization has basic philosophical underpinnings and operating and administrative policies which set the foundation of the morale of the workforce—from the headquarters location to the farthest outpost. This organization context must be reasonably stable over a period of time so that morale can be sustained. Constant change can be debilitating, can cause insecurity or can engender a cavalier attitude among employees who come to regard the latest change as yet another temporary measure. If change is necessary, management must take time to rebuild morale.

2. Nature of the position. Using a football analogy, organizational positions can be identified as being "offensive," "defensive" or "special teams" with respect to the primacy of their functions within the company. Sales, public relations and public affairs positions are "offensive" in that incumbents "take it to" the public, whereas the legal, internal audit, quality control and engineering/maintenance positions are "defensive" because they basically protect or defend the organization from breakdown or trouble. The remaining positions are "special teams," such as those in the market research and human resources group, where employees perform specialist functions and enter the corporate spotlight as necessary. It is essential that employees be placed in positions with which they are psychologically and temperamentally compatible or else they will not function well. They can become the proverbial "square peg in a round hole," becoming bored, unchallenged or incompetent and destructive—all qualities that can undermine strong organizational morale.

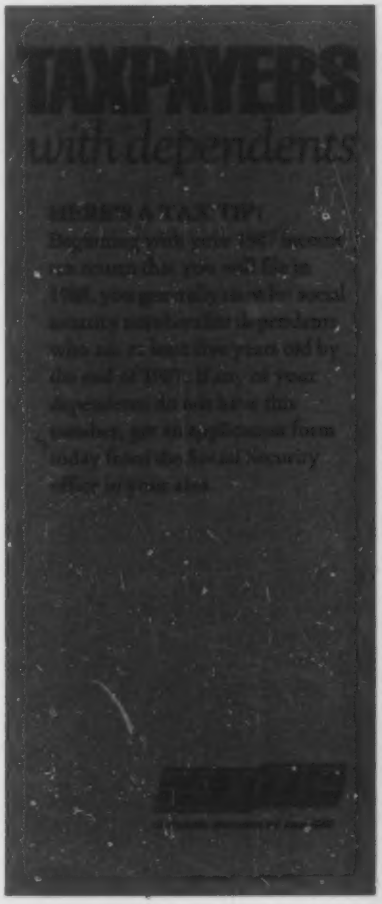
3. Peer group. Morale can be influenced by the individual's perception of the group of which he/she is a part and, in turn, the group's perception of the individual. High morale groups have a "good fit" between persons who interface with one another at the same level across the organization and vertically within the same unit, department, division or subsidiary. High morale groups exhibit a human synergy; that is, group members realize that the sum of their collective efforts yields a greater output than the simple addition of individual talents. There is a "team" concept and identification, which works better than a random tandem of high-priced or highly talented prima donnas.

4. Control systems. Morale deteriorates rapidly in an environment where supervisory and control systems are perceived to have been established based on distrust of employees rather than on ensuring a flow of quality products or services. When such systems become personalized, many employees feel it is "every man for himself"; the perception is that the company is looking for "gotchas." Involving employees in control system establishment or maintenance, under adequate, but not heavy-handed, supervision can cause employees to "buy into" the system. Morale can be heightened in such circumstances. For example, many construction companies have a sign posted by the timecard clock indicating the number of consecutive days that have passed without an accident. This not only highlights the safety system, but also builds morale.

5. Outside activities. Activities outside the workplace affect morale on the job. If one does not have a constructive outside interest or outlet, such as a hobby, he/she can become consumed by work to an obsessive and unhealthy extent. There is something to be said for the old adage, "All work and no play. . . . " Some outside activities can be destructive, of course, such as gambling or recreation that can result in injury/illness which can cause absence from the workplace. That's why it's important when interviewing prospective employees to learn what outside interests they have and whether such interests are active or passive, time consuming, carry an element of physical risk, etc. These things can and do affect morale.

6. Self-concept. Organizational morale is strongly influenced by the self-concept of the individuals comprising the group. Most people have positive self-concepts; a proportion have unsteady self-concepts, but are strengthened by association with stronger people; and a proportion have weak self-concepts, generally needing help above and beyond what they can find (or absorb) in an organization. People with weak self-concepts can be an anchor on the organization, and, if such situations are permanent or nonremedial, in a short period of time they generally separate (or are separated) from the organization.

Fisher's Law #87: ***Strong morale can be the perpetual motion machine that runs an organization.***



Is caffeine culpable?

Americans are cold on coffee. Once the beverage of choice, the International Coffee Association reports that coffee consumption (brewed and instant) has declined from an average of 3.12 cups (5 ounces) per person per day in 1962 to 1.76 cups in 1987. Meanwhile, consumption of the decaffeinated brew is rising from 0.10 cup per day in 1962 to 0.43 cup in 1987. This trend is apparently reflected in foodservice. According to CREST, coffee orders decreased from 1982 to 1986 by 15 percent, while orders for the decaffeinated version rose 114 percent.

Consumers' health concerns

Some speculate the shift from regular to decaffeinated coffee is motivated by health concerns. A 1987 National Restaurant Association study, *Beverage Preferences: A Consumer Attitude Survey*, found that about half (52 percent) the restaurant patrons surveyed avoid caffeine, and 21 percent claim to do so on their doctor's recommendations. But are their concerns justified? Caffeine has been accused of being the culprit in a number of diseases, from ulcers to heart attacks, but when it comes to final judgment, evidence supporting a cause-and-effect relationship is often lacking.

One unequivocal physiologic fact about caffeine is that it is a stimulant and is probably one of the world's most widely used drugs. Caffeine stimulates the central nervous system, producing the familiar "coffee buzz" cherished by many reluctant early risers. In addition, coffee can increase both heart and metabolic rates, stimulate secretion of gastric juices, increase urine production and enhance muscle capacity.

For most consumers, the stimulating effects produced by moderate amounts of caffeine are harmless and transient. But excessive doses (the amount in five 6-ounce cups of strongly brewed coffee) can cause "coffee nerves" characterized by anxiety, sleeplessness, diarrhea, headache and heart palpitations, especially when consumed in a short period of time.

Ulcer sufferers have long been advised to avoid coffee because it promotes gastric acid secretion which irritates ulcers. But, since it has been shown that both regular and decaffeinated coffees produce this effect, it seems that caffeine is not the offending agent. Moreover, coffee consumption has not been correlated with the risk of developing new ulcers.

Caffeine involvement in heart disease is not clear-cut either. Some studies have correlated coffee consumption with the incidence of heart disease, but others have not. While scientists agree that coffee consumption in moderation does not promote heart disease, excessive intake of any stimulant is unwise.

In 1981 a group of researchers reported that coffee consumption as low as one to two cups per day increased the risk of pancreatic cancer. Wide publicity of this report put the fear of cancer in many coffee drinkers. Other researchers have been unable to confirm the results of this study, but some have found that cigarettes and occupational exposures are a risk for bladder cancer. And many heavy coffee drinkers are also cigarette smokers.

Caffeine and other similar substances have been associated with fibrocystic (benign) breast disease. Although absolute evidence proving the link is lacking, some physicians prescribe a caffeine-free diet to alleviate the uncomfortable symptoms associated with the disease. Whether or not caffeine contributes to the development of benign breast lumps remains questionable.

Two or fewer cups per day seem to pose little hazard to most adults. Yet, some groups, such as pregnant women, are more vulnerable to coffee's effects than others. Not only do they metabolize caffeine at a slower-than-normal rate, but caffeine also crosses the placental barrier and reaches the fetus. Pregnant women are advised to be prudent about caffeine consumption because it has caused low birth weights and birth defects in animals. Although children customarily are not coffee consumers, they are exposed to caffeine through soft drinks. Behavioral changes have been observed in children consum-

Average caffeine content of selected foods

	Milligrams of caffeine
Coffee Beverage (5-ounce cup)	
Brewed, drip	115
Brewed, percolated, automatic	80
Instant	65
Decaffeinated, brewed	3
Decaffeinated, instant	2
Tea (5-ounce cup)	
Brewed, domestic	40
Brewed, imported	60
Instant	30
Iced	29
Soft Drinks Containing Caffeine (12-ounce portion)	
Canada Dry Jamaica cola	30
Coca-Cola	45
Cola/pepper sodas	30–46
Cola soda, decaffeinated	trace
Cola soda, decaffeinated, diet	trace
Diet Coke	45
Diet-Rite Cola	36
Dr. Pepper	40
Dr. Pepper, Diet	40
Mountain Dew	54
Pepsi Cola	38
Pepsi, Diet	36
Pepsi Light	36
Royal Crown Cola	36
Royal Crown Cola, Diet	33
Royal Crown with a Twist	21
Shasta Cola	44
Shasta Cherry Cola	44
Shasta Diet Cola	44
Shasta Diet Cherry Cola	44
Tab	45
Chocolate and foods containing chocolate	
Baking chocolate—1 ounce	35
Milk chocolate—1 ounce	6
Milk chocolate w/almonds, Hershey—1.05 ounces	5

ing caffeine at levels equivalent to about six 12-ounce cans of cola a day.

Caffeine content of foods

Because caffeine is confined to a few foods (coffee, tea, chocolate, cocoa and soft drinks), it is a substance fairly easy to avoid. Coffee is the most concentrated source of caffeine and probably the most variable. The content varies according to type (instant vs. ground) and method of preparation. Tea contains considerably less caffeine than coffee—about one-half to one-fifth the content—and its levels are also subject to variation. Decaffeinated coffee and teas are nearly caffeine-free, and hot chocolate and cocoa beverages contain small amounts.

Ironically, much of the caffeine removed from coffee is sold to the soft drink industry and ends up in carbonated beverages. Prior to the late 1970s, colas and peppers were the only caffeine-containing soft drinks available. Caffeine is now added to some noncola beverages, primarily citrus-flavored soft drinks.

Finally, caffeine is an ingredient in many drugs—both prescription and nonprescription varieties—due to its pharmacologic effects. It is commonly used in pain relievers (constricting swollen blood vessels in the head that cause headaches), cold preparations and weight-control products.

Adults consume a daily average of approximately 200 mg. of caffeine. About 80 percent of this caffeine intake is from coffee, approximately 10 percent from tea, 6 percent from soft drinks, 4 percent from over-the-counter drugs and less than 1 percent from chocolate foods and beverages.

Although children consume far less caffeine (a daily average of about 40 mg.), soft drinks, tea and chocolate products contribute a larger percentage of the caffeine in their diets.

nd drugs

	Milligrams of caffeine
Milk chocolate w/almonds, Nestle—1 ounce	6
Milk chocolate chips—¼ cup	8
Sweet (dark) chocolate—1 ounce	20
Chocolate brownie w/nuts—1¼ ounce	8
Chocolate cake—⅛ of 9-inch cake	14
Chocolate covered candy—1 ounce	3
Chocolate ice cream—⅔ cup	5
Chocolate fudge topping—2 Tablespoons	4
Chocolate milk—8 fl. ounces	5
Chocolate pudding, from instant mix—½ cup	6
Chocolate syrup—2 Tablespoons	4
Cocoa beverage—6 fl. ounces	5
Cocoa, dry powder—1 Tablespoon	11

Non-prescription drugs	Milligrams per tablet or capsule
Anacin Analgesic/Anacin maximum strength/Anacin-3 (for pain)	32
Aqua-Ban (diuretic)	100
Dexatrim (weight control)	200
Dietac (weight control)	200
Dristan/Dristan A-F (decongestant)	16
Excedrin (for pain)	65
Midol (for pain/diuretic)	32
No Doz (stimulant)	100
Neosynephrine (for cold/allergy)	15
Sinarest (for allergy)	30
Triaminicin (for colds)	30
Vanquish (for pain)	33
Vivarin tablets (stimulant)	200

Adapted from: *Food Values of Portions Commonly Used*, Pennington & Church, 14th edition, NY: Harper & Row, 1985 and Food and Drug Administration.

Recommendations to operators

One of the best ways operators can serve patrons cutting back on caffeine is to offer a decaffeinated coffee, particularly one that is freshly brewed. The National Restaurant Association's survey of beverage preferences showed that a large majority (81 percent) of coffee drinkers believe restaurants should offer decaffeinated coffee, specifically brewed decaffeinated (76 percent).

Ironically, decaffeinated coffee has not escaped criticism from public health advocates. Although decaf is at least 97 percent caffeine-free, methylene chloride, the chemical used in the decaffeination process, has been accused of causing liver cancer in experimental animals. Because large doses of methylene chloride (equivalent to human consumption of up to 6 million cups of decaffeinated coffee a day for a lifetime) failed to produce a cancerous response in rats and mice, the Food and Drug Administration (FDA) has determined that the potential risk from using the chemical in the decaffeination process is "essentially non-existent." Plus, residues of the solvent in decaffeinated coffees are extremely low. Nonetheless, an alternative method of decaffeination has gained popularity as a result of the stir over methylene chloride. Instead of using a solvent such as methylene chloride to extract caffeine, the water process method relies on soaking and rinsing procedures and charcoal filters to eliminate chances of chemical residue.

Flavored decaffeinated coffees are growing in both popularity and availability. Some establishments merchandise their decaf selection by presenting whole beans to patrons for selection and then grinding the beans and brewing to order.

Although tea contains less caffeine than coffee, some consumers opt for caffeine-free herbal teas in an effort to reduce caffeine intake. These can contain naturally occurring toxins; some of these may be harmless, while others may be harmful, even in moderate amounts.

Finally, some consumers are turning to grain-based beverages as caffeine-free alternatives to coffee. Postum, a mixture of roasted wheat, bran and molasses, was originally marketed in 1895 as the answer to "coffee nerves" by cereal tycoon C.W. Post. Although distinctly different in flavor, Postum and other cereal beverages may appeal to some.

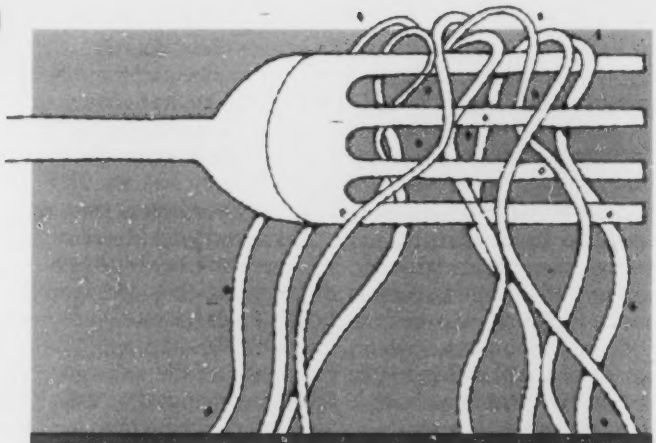
—Claire Regan, R.D.

Twenty-five to 34-year-olds:

A thirst for convenience, diversity

The 25 to 34-year-old group is the country's single largest generation—24 percent of the total U.S. adult population—and its movement through various age categories has wrought many social and economic changes.

The importance of this age group to the restaurant industry cannot be overstated. Because of its size and frequent use of restaurants, this generation accounts for 22 percent of total restaurant industry traffic and the largest share of total traffic at all meal periods across all segments. Moreover, 25 to 34-year-olds are altering the industry as they demand foods and services to meet their unique needs. Results of an exclusive National Restaurant Association CREST survey offer a glimpse into how this group is using restaurants and its effect on current industry trends.



Quickservice profile for 25 to 34-year-olds

Percent of eater occasions	1982	1986
• off-premises	61%	65%
• on-premises	39	35
Percent change in eater occasions 1982/86		
• off-premises	24%	
• on-premises	50	
Share of total increase in eater occasions 1982/86 attributed to		
• off-premises	88%	
• on-premises	12	

Source: National Restaurant Association CREST survey, 1987

Distribution of U.S. adult population by age group—1986

Twenty-five to 34-year-olds make up the largest adult age group

Age group	Proportion
18 to 24 years	16%
25 to 34 years	24
35 to 44 years	19
45 to 54 years	13
55 to 64 years	12
65 years and over	16

Source: U.S. Census Bureau, 1986

A demographic profile

Why are there differences in the dining-out behavior of 25 to 34-year-olds and those in other age groups? Age is only one reason. Other factors are family structure, labor force participation, income and education.

Family life. Sixty-six percent of all 25 to 34-year-olds are married, and a substantial proportion—57 percent—have at least one child under the age of 18. In fact, most parents in this age group are busy caring for young children. Forty-four percent have children under the age of six.

Work. More than 90 percent of all males in this age group work, as do 71 percent of all females. And, although the labor force participation rate is higher for single women between the ages of 25 and 34, a substantial proportion of the married women in this age group work outside the home—66 percent. Census Bureau figures reveal that most of these married women work full time. This suggests that a sizable number of the married couple households in this age segment have two wage earners. Also, more than seven in 10 working wives in this age bracket have at least one child under the age of 18, and, for most of these women, at least one child is under the age of six.

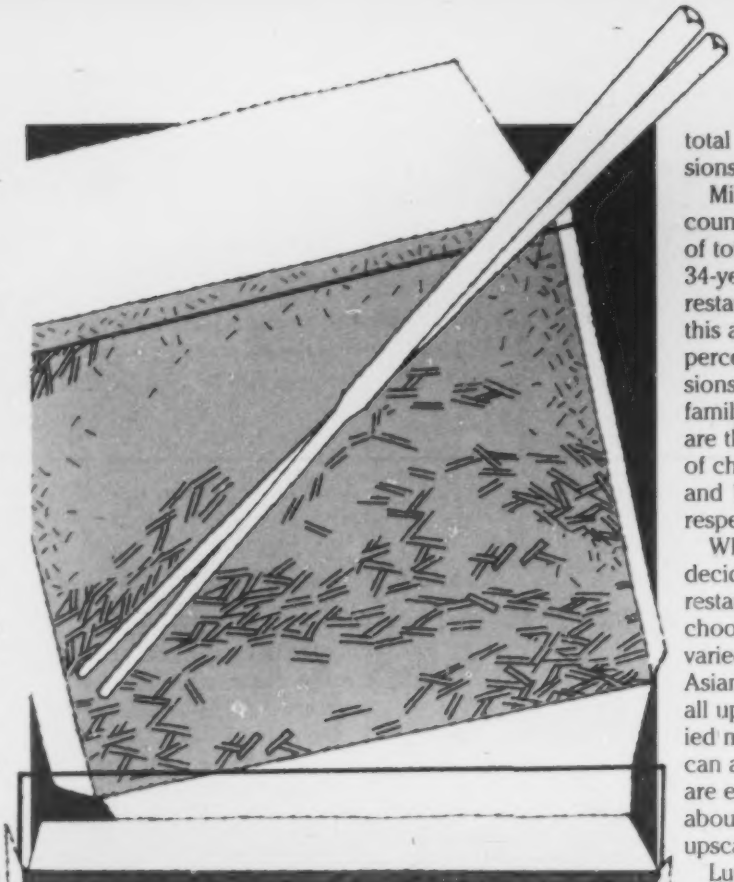
Income. Most of the

households headed by 25 to 34-year-olds have moderate incomes. Median income in 1986 for households headed by 25 to 34-year-olds was $25,898, about $7,000 less than that for 35 to 44-year-olds and nearly $10,000 below that of 45 to 54-year-olds. Just 13 percent of all households headed by 25 to 34-year-olds enjoy incomes of $50,000 or more.

Rent, mortgages, child care costs and other expenses cut deeply into the incomes of 25 to 34-year-olds. Consequently, this age group has little discretionary income, especially when compared to that of older households.

According to a joint Conference Board/Census Bureau study, households headed by 25 to 34-year-olds hold less than one-fifth of the nation's total discretionary income. And the level of per capita discretionary income for members of this age group is only about one-half that of those 55 years old and older. Nonetheless, households in this age group spend more than 36 percent of their food dollar at restaurants.

Education. Although their incomes may not be as high as other age groups, the earning potential of 25 to 34-year-olds is considered to be higher because they are one of the most well-educated groups in the population. A vast majority of all 25 to 34-year-olds have completed high school. One-fourth of them are college graduates, and another 22 percent have completed at least one year of college. By comparison, only one-third of all 45 to 54-year-olds have been to college, and only 19 percent of these individuals are graduates.



Share of restaurant industry traffic by age group

Twenty-five to 34-year-olds account for the largest proportion of total restaurant industry traffic

Age group	Share
Under 6 years	7%
6 to 17 years	13
18 to 24 years	8
25 to 34 years	22
35 to 44 years	17
45 to 54 years	12
55 to 64 years	11
65 to 74 years	8
75 years and over	3

Note: Total may not add to 100 percent due to rounding.
Source: National Restaurant Association CREST Survey, 1987

Quickservice preferred by 25 to 34-year-olds

Quickservice restaurants capture the lion's share of all visits made by 25 to 34-year-olds to restaurants—about 73 percent. Overall, members of this age group visit quickservice places more often than do older adults, but less often than do young adults and children. Hamburger and pizza places are the most popular establishments with 25 to 34-year-olds, accounting for 37 and 19 percent of their total quickservice occasions, respectively.

Midscale restaurants account for about 19 percent of total occasions for 25 to 34-year-olds and upscale restaurants are visited by this age group on about 8 percent of restaurant occasions. Varied menu and family-style establishments are the midscale restaurants of choice, representing 30 and 15 percent of visits, respectively.

When 25 to 34-year-olds decide to eat at an upscale restaurant, they most often choose places offering a varied menu, Mexican or Asian fare. Thirty percent of all upscale visits are to varied menu places, and Mexican and Asian restaurants are each patronized on about 12 percent of all upscale occasions.

Lunch and dinner each account for about 38 percent of all occasions for this age group; the remaining proportion (24 percent) is almost evenly split between breakfast/morning snacks and afternoon/evening snacks. Twenty-five to 34-year-olds eat breakfast at restaurants on fewer occasions than do older consumers, but stop for a snack in the afternoon and/or evening more frequently than do their older counterparts.

A driving force behind the growth of takeout

Twenty-five to 34-year-olds are heavy users of takeout. More than one-half of all their restaurant visits involve takeout. Moreover, 25 to 34-year-olds are helping expand the off-premises market for restaurant meals, accounting for 26 percent of the total increase in industry traffic for takeout between 1982 and 1986.

More than 90 percent of all takeout occasions by

Distribution of occasions by meal period and restaurant type, 1986

Quickservice restaurants grab the largest share of total visits of 25 to 34-year-olds

	Share of occasions	
	Male	Female
Breakfast/A.M. snacks	13%	11%
Lunch	38	38
Dinner	38	39
P.M. snacks	11	12
Quickservice	73	74
Midscale	20	19
Upscale	8	7

Source: National Restaurant Association CREST survey, 1987

Presence and age of children by age group

In most households headed by 25 to 34-year-olds with children, at least one child is under six years of age

	Proportion of total households by age of household head					
	Under 25	25-34	35-44	45-54	55-64	65+
Households with children	35%	57%	69%	36%	8%	**%
• All children under age 6*	86	44	10	3	3	3
• Some children under age 6 and some age 6 to 17*	10	28	20	6	3	4
• All children age 6 to 17*	4	28	70	91	93	92

**Proportion of total households with children*
***Less than 1.0 percent*
Source: *Household and Family Characteristics, March 1985*, U.S. Department of Commerce, U.S. Bureau of the Census

Share of traffic growth at ethnic restaurants accounted for by adult age groups, 1982–1986

Twenty-five to 34-year-olds are helping fuel the growth of ethnic restaurants

Age group	Share of traffic growth at		
	Mexican restaurants	Asian restaurants	Italian restaurants
18 to 24 years	8%	12%	*%
25 to 34 years	26	14	30
35 to 44 years	16	22	16
45 to 54 years	12	15	17
55 to 64 years	5	12	16
65 to 74 years	5	7	8
75 years and over	2	4	3

**Traffic counts declined between 1982 and 1986.*
Source: National Restaurant Association CREST survey, 1987

members of this group occur at quickservice restaurants, and their use of takeout at quickservice restaurants is growing. Between 1982 and 1986, traffic for off-premises dining for 25 to 34-year-olds at quickservice restaurants advanced 24 percent. And 88 percent of the growth in total traffic for this age group at quickservice establishments was traced to the growth in their use of takeout.

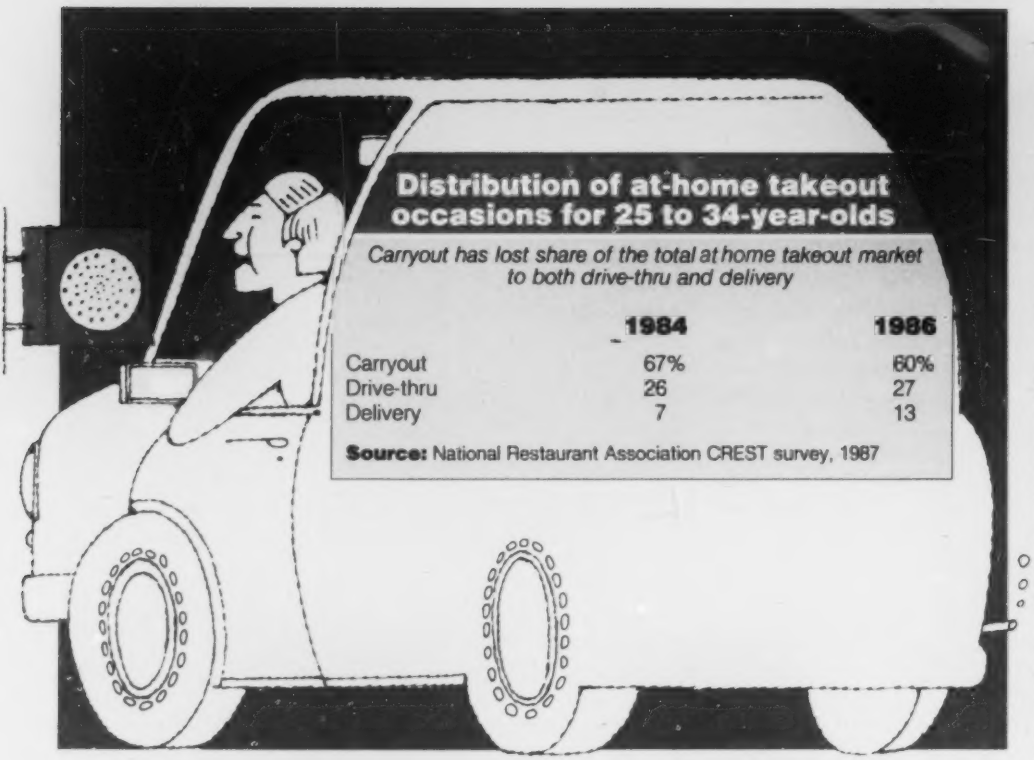
Why do 25 to 34-year-olds buy restaurant meals to go? Lack of time is undoubtedly a primary reason. The majority of them are married, live in dual-income households and are parents of young children. The many demands associated with work and raising children take up a great deal of time. A United Media Enterprises 1983 study on leisure time found that dual-career parents said they have, on average, 23 hours available for leisure per week. This was the lowest amount of all the groups questioned. Moreover, 46 percent of dual-career parents reported they always feel rushed to complete their daily activities, and another 43 percent said they often feel rushed during the course of the day. Having restaurants prepare their meals frees time that normally would have been spent preparing food at home. And purchasing those meals for consumption outside the restaurant means that extra time can be spent on the job or at home with their families.

More takeout meals going home

Although more than one-half of all takeout meals purchased by 25 to 34-year-olds are consumed at work or another location outside the home, it is the at-home segment of the takeout market that has registered the most growth in recent years. Traffic counts for at-home consumption of takeout foods increased 41 percent for this age group between 1982 and 1986. Sixty percent of all restaurant meals eaten at home by 25 to 34-year-olds are purchased through traditional carryout, and 27 percent are bought at the drive-thru window.

While carryout and drive-thru are the most popular forms of takeout used by 25 to 34-year-olds when they purchase meals to eat at home, the share of at-home occasions that were delivered nearly doubled between 1984 and 1986 to 13 percent.

Growth in home delivery accounted for 42 percent of the total increase in traffic for takeout meals eaten at home. By comparison, 30 percent of the growth for takeout meals eaten at home by 25 to 34-year-olds can be traced to an increase in drive-thru, and the remaining 28 percent can be traced to carryout. Pizza places are clearly leading the way in the expansion of the home-delivery market for this age group, account-



Distribution of at-home takeout occasions for 25 to 34-year-olds

Carryout has lost share of the total at home takeout market to both drive-thru and delivery

	1984	1986
Carryout	67%	60%
Drive-thru	26	27
Delivery	7	13

Source: National Restaurant Association CREST survey, 1987

ing for nearly all of the increase in the use of home delivery between 1984 and 1986.

Ethnic cuisine popular with 25 to 34-year-olds

In addition to takeout, one of the hottest areas of growth in the restaurant industry in recent years has been ethnic cuisines. Americans are learning to enjoy the fiery taste of Mexican fare, the exotic flavors of Asian cuisine and the many nuances of Italian cooking. Mexican and Asian restaurants now exist in all segments of the industry—from fast food to upscale—and the Italian segment is quickly being penetrated by chain restaurants.

In general, 25 to 34-year-olds patronize Mexican, Asian and Italian restaurants on a larger proportion of occasions than do members of other age groups. And their use of these types of establishments has grown. Between 1982 and 1986, customer counts for baby boomers grew 37 percent at Mexican restaurants, 28 percent at Asian restaurants and 30 percent at Italian restaurants.

Because this age group is patronizing Mexican, Asian and Italian restaurants more than they have in the past, they are playing a large part in the growth of these types of ethnic eateries. Twenty-five to 34-year-olds have been particularly important in the expansion of Mexican and Italian restaurants. Of the total increase in traffic recorded at Mexican restaurants between 1982 and 1986, 26 percent was accounted for by 25 to 34-year-olds, and 30 percent of the increase in customer counts at Italian restaurants traces to this age group. Twenty-five to 34-year-olds are also helping drive the growth of Asian restaurants, accounting for 14 percent of the total increase in customer counts at Asian restaurants between 1982 and 1986.

Share of quickservice traffic increase accounted for by on and off-premises dining, 1982–1986

Most of the increase in visits to quickservice restaurants by 25 to 34-year-olds can be traced to growth in off-premises consumption

Age group	On-premises	Off-premises
25 to 34 years	12%	88%
35 to 44 years	34	66
45 to 54 years	49	51
55 to 64 years	45	55
65 to 74 years	71	29
75 years and over	66	34
Overall	32	68

Source: National Restaurant Association CREST survey, 1987

Looking ahead

Because of its sheer size, the group of consumers currently between 25 and 34 years of age will remain important to the restaurant industry in the future. The industry is already adapting to meet their foodservice demands—demands that arise from their unique demographic characteristics, lifestyles and attitudes. Convenience is a top priority of these individuals, many of whom struggle to balance the challenges of family life and careers. In addition, their thirst for diversity has opened the way for ethnic cuisines. In response, takeout options are increasing, and purveyors of ethnic fare are expanding rapidly.

As this age group moves into their peak earning years, the questions to consider are: Will their restaurant behavior shift to mirror more closely that of today's middle-aged and older consumers, or will they carry the habits they practice today into their later years? As their children grow up will their desire for convenient takeout meals diminish? Will their taste for ethnic cuisines wane? Will quickservice restaurant visits be replaced by visits to midscale and upscale restaurants? Answers to these questions will be revealed in time. The ability of operators to meet this consumer group's demands will undoubtedly be an important element in a restaurant's success in the years ahead. —*Kate Conroy*

1986 restaurant sales up from 1985

Total sales and restaurant profits were higher in 1986 than in 1985 at full-menu establishments, according to a special analysis of the 1987 Restaurant Industry Operations Survey *results. This analysis, which focuses on respondent establishments that reported operating data for two consecutive years, reveals above-average increases in spending for employee benefits, advertising and promotion, repairs and maintenance, and insurance.*

Total sales for full-menu/tableservice restaurants were up nearly 6 percent in 1986, with restaurant profits up 5 percent. Some of the more notable cost increases included:

□ **The increase in employee benefit expenses.** This increase was pronounced at respondent tableservice establishments, measuring nearly 10 percent. It may reflect efforts to deal with a tighter labor market as foodservice employers improve benefits to be competitive with other employers. Payroll expenses also rose, but at a slower pace.

□ **An increase in advertising and promotion costs.** Efforts to increase customer traffic in a competitive environment have increased the importance of advertising and promotion for tableservice restaurants as well as for fast food establishments. According to data from the Television Bureau of Advertising as reported in *Broadcast Advertisers Reports*, fast food and restaurant chains increased their television spending by 13 percent between the first half of 1986 and the first half of 1985. CREST data indicate that the incidence of promotion usage increased as well, from 11.3 percent of all occasions in 1985 to 12.7 percent in 1986. The National Restaurant Association's operations survey supports these findings. It indicates that the median per-seat cost for advertising and promotion was up nearly 10 percent at full-menu restaurants.

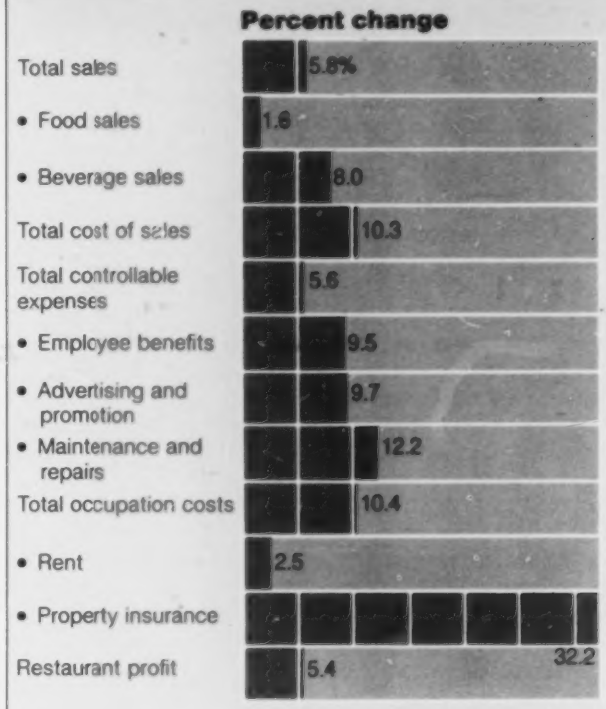
□ **Repairs and maintenance.** To stimulate customer traffic, operators are repositioning restaurants through design and menu changes. Median expenditures on repairs and maintenance increased 12 percent at full-menu/tableservice establishments. (Changes that involve painting, decorating and building alterations that are not considered improvements fall into the repairs and maintenance category.)

□ **Property insurance costs** rose 32 percent at full-menu/tableservice restaurants between 1985 and 1986. Although commercial insurance rates nationwide are generally above their levels in the early 1980s, the increase at full-menu restaurants covered by the survey seems large. However, it is difficult to evaluate this information without the benefit of historical data. It is possible that the property insurance category is inadvertently reflecting other insurance costs, such as liability and burglary, in addition to coverage on buildings and their contents.

□ **Property taxes** increased as well, but at a much lower rate. Rent costs were 2.5 percent higher at full-menu/tableservice operations, while music and entertainment expenses decreased 20 percent, suggesting that entertainment was limited in 1986 as a cost-cutting measure.

More complete information concerning restaurant operating costs for 1986 is available in the annual National Restaurant Association publication entitled *1987 Restaurant Industry Operations Report.* This publication details operating data by dollar amount per seat and as a percentage of total sales. In addition to a breakdown by restaurant category, data is compiled by sales volume, menu theme, geographic region and others. See the "Short Orders" section of the September issue of ***Restaurants USA*** for more information.

Operations at full-menu/tableservice restaurants 1985 vs. 1986*



**All percent change figures are based upon median dollar amounts per seat and are not intended to be representative of or set standards for the industry. Full-menu/tableservice respondents providing two years of comparable data numbered more than 250.*
Source: National Restaurant Association, *1987 Restaurant Industry Operations Survey*

Employee turnover rates remain steady in some segments, drop in others

*For the second consecutive year, the National Restaurant Association, in conjunction with the accounting firm of Laventhol & Horwath, has compiled data on employee turnover rates.**

In the survey conducted early this year for the *1987 Restaurant Operations Report*, operators were asked to specify how many W-2 forms their restaurant sent out last year. The number of W-2 forms provides a measure of the total number of individuals who worked at that establishment at some time during 1986. The turnover rate for 1986 is calculated by dividing the total number of W-2s by the average number of employees.

Reflecting the changes made in this year's *Operations Report*, turnover rates are now available by type of operation: full-menu/tableservice, limited-menu/ tableservice, limited-menu/no tableservice and cafeteria.

Not surprisingly, turnover rates were lower at full-menu/tableservice establishments than at limited-menu/no tableservice (fast food) operations. At 2.1 and 2.7, respectively, these rates were almost unchanged from those reported last year. In contrast, the turnover rate for limited-menu/tableservice restaurants declined from 3.0 in 1985 to 2.0 in 1986. The lowest rate, however, was recorded by cafeterias—1.9.

The survey yielded some other interesting information as well:

- Turnover does not appear to vary between restaurants recording a net profit and those recording a net loss.
- Within each category, establishments with the lowest sales volumes have the lowest turnover.
- Turnover is generally less when the ratio of part-time to total employees is relatively low. Cafeterias, with the lowest turnover rate, have a part-time to total employment ratio of less than 25 percent, compared with limited-menu/no tableservice restaurants where part-time employees accounted for almost 65 percent of all workers.

Compared with the 1985 data, the percentage of part-time workers (25 to 35 hours) to total employees was lower within each restaurant category. The actual numbers of part-time employees working less than 20 hours were lower as well.

—Laurence Greenberg

1986 employee turnover rates

	Median number of employees	Median number of W-2s	Turnover rate
Full-menu/tableservice	40.0	85.0	2.1
Steak/seafood	40.0	94.5	2.4
Italian	29.0	79.0	2.7
Hamburgers/subs	63.0	80.0	1.3
American	40.0	80.0	2.0
Limited-menu/no tableservice	20.0	53.0	2.7
Hamburgers/subs	17.5	35.0	2.0
Chicken	61.0	127.0	2.1
Mexican	25.0	98.0	3.9
Limited-menu/tableservice	27.0	53.0	2.0
Cafeterias	30.5	58.0	1.9

Median number of full and part-time employees

	Full time	Part time (25 to 35 hrs.)	Part time (less than 20 hrs.)
Full-menu/tableservice	18.0	12.0	4.0
Steak/seafood	18.0	15.0	4.0
Italian	10.0	10.0	4.0
Hamburgers/subs	38.5	1.5	2.0
American	17.0	13.0	5.0
Limited-menu/no tableservice	6.0	9.0	2.0
Hamburgers/subs	6.0	5.5	3.5
Chicken	21.0	25.0	0.0
Mexican	8.0	14.0	0.0
Limited-menu/tableservice	8.0	10.0	4.0
Cafeterias	20.0	4.5	2.0

Source: National Restaurant Association, *1987 Restaurant Industry Operations Survey*

**The employee turnover rate is estimated from respondents providing data on both total employment and W-2s. It is derived by dividing the median number of employees into the median number of W-2s. The rate shown represents an average for the survey respondents.*

Beer consumption: not for men only

According to a National Restaurant Association study of away-from-home beverage consumption, consumer preferences for beer are in a state of flux. Although the total volume of malt beverages consumed away from home in 1986 was up only slightly from 1980, female consumption of beer grew significantly during that period. At the same time, away-from-home consumption of beer by men declined.*

Men have traditionally dominated beer consumption, but this dominance appears to be weakening. Based on data obtained from NFO Research, Inc.'s Share of Intake Panel (SIP), association research reveals that in 1980 males drank more than 86 percent of the beer consumed away from home, but by 1986, the volume of beer consumed by men away from home dropped to 78 percent. The amount consumed by women had increased to 22 percent.

In terms of volume, female consumption of beer away from home jumped a dramatic 62 percent between 1980 and 1986, despite a small decline in the number of women ordering the beverage. In contrast, male consumption of beer dropped 7 percent during the same time period. Overall, total away-from-home consumption of malt beverages on a volume basis was up a slight 2 percent in 1986, compared with 1980; however, this was a significant increase over the low point reached in 1984.

Age factor

Consumers between the ages of 25 and 34 drank almost 30 percent of the beer consumed away from home in 1986. Compared with 1980, consumption of malt beverages by this age group has declined. These individuals accounted for almost 40 percent of the total volume of beer consumed away from home at the beginning of the decade.

Although 25 to 34-year-olds are not drinking as much beer as before, individuals under age 25 have increased their consumption. The majority of this growth can be attributed to increased female consumption.

In terms of volume, beer consumption by 35 to 44-year-olds has remained constant, while those individuals 45 years old or older have increased their consumption slightly.

Regional differences

Consumers living in the North Central region of the country drink the most beer. Between 1980 and 1986, consumption in this region remained fairly constant. Southerners decreased their beer consumption during this time period, and consumers living in the West increased their consumption.

In 1986 the North Central region accounted for 39 percent of the total away-from-home volume of beer consumption, followed by the Northeast at 25 percent, the South at 20 percent and the West at 16 percent.

—Hudson Riehle

Likelihood of ordering various types of beer in a restaurant*

Consumers are more likely to order bottled beer

	Percent who would be likely to order
Beer in a bottle	68%
Draft glass of beer	62
Regular domestic beer	62
Light beer	50
Regular imported beer	47
Draft pitcher of beer	40

**Among those who drink alcoholic beverages away from home*
Source: National Restaurant Association, *Beverage Preferences: A Consumer Attitude Study*, 1987

Away-from-home beer consumption by age group, 1986

Twenty-five to 34-year-olds account for the largest proportion of beer consumption

Age group	Volume of consumption
18 to 24	24.7%
25 to 34	29.1
35 to 44	15.5
45 to 54	14.0
55 to 64	5.6
65 and older	11.1
Total	**100.0%**

Source: National Restaurant Asscciation, NFO Share of Intake Panel

Index of away-from-home beer consumption (by volume)

Between 1980 and 1986, women increased their beer consumption substantially

	1980	1982	1984	1986
Total consumption	100	92	76	102
Males	100	87	67	93
Females	100	126	135	162

Source: National Restaurant Association, NFO Share of Intake Panel

**Away from home refers to fast food restaurants, other types of restaurants, bars and private clubs. It does not include beverages consumed elsewhere, including sporting events, private in-house parties, office/work, school, picnics/camping or another person's home.*

1 NEW ENGLAND

Location: Brattleboro, VT
Association members: Robert T. Walker, Jr., Jon Reynolds, David Foliensbee
Operation: Walker's Restaurant
Profile: Fullservice family restaurant
In business: 4 years
Seats: 70
Meals served: Lunch, dinner

"We have plenty of customers, but getting cooks, waiters and dishwashers is our biggest problem," says **Robert T. Walker, Jr.**, owner of Walker's Restaurant. "Where can I find some more help?" he asks.

Walker's is located in southern Vermont about 10 miles north of Massachusetts and just west of the Connecticut River, which separates Vermont and New Hampshire. The area has a low unemployment rate, which, Walker says, has reduced the number of available restaurant workers.

Walker's is now doing its biggest business of the year. "With the fall foliage, lots of people from New York and all over the country come to Vermont to look at the leaves," Walker notes. "We've seen more tourists this year."

Walker's is probably best known for its homemade fries. "I think we're the only place in the area that makes french fries from scratch," Walker says. The restaurant serves primarily hamburgers and sandwiches for lunch and steaks and seafood for dinner. The salad bar is popular at both meals.

2 MID ATLANTIC

Location: Troy, NY
Association member: Jim Casey
Operation: Casey's East
Profile: Casual fullservice restaurant
In business: 19 years
Seats: 102 in dining room, 90 in lounge
Meals served: Lunch, dinner

"It's been outrageously busy," says **Lila McAndrews**, manager of Casey's East. "We're doing increases over last year consistently."

Casey's is located in a shopping plaza just outside downtown Troy, New York. It relies on a loyal clientele. "It's a real friendly place," McAndrews says. "It's comfortable."

Casey's publike atmosphere attracts many young customers after 9 p.m. who stop by for drinks or a snack, McAndrews says. The kitchen stays open until 12:30 a.m.

The busiest time at Casey's is lunch, when many workers from the city come in for a burger, sandwich or salad from the salad bar. McAndrews says a typical lunch will run about $6.

"Business is pretty steady year-round. In the winter we get a lot of skiers who are returning from trips in Vermont," she says. "After the first snowfall, snow does not affect business unless it is a tremendous storm."

3 SOUTH ATLANTIC

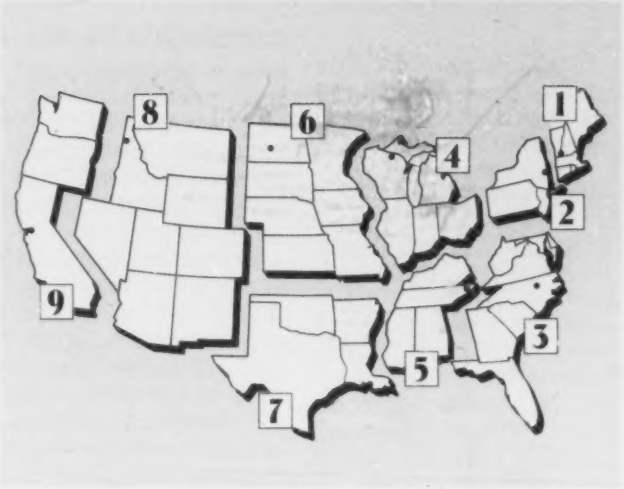
Location: Chapel Hill, NC
Association members: J. Alex Porter, Brian P. Smith
Operation: Colonel Chutney's
Profile: Garden Cafe
In business: 9 years
Seats: 75
Meals served: Dinner

Although it is located in one of the larger college towns in the country, Colonel Chutney's tries to be independent of the fluctuating economy of Chapel Hill, North Carolina. Maintaining a regular clientele helps.

"We try to keep it casual and inexpensive and try to give customers a reason to come here," says **Brian P. Smith**, co-owner.

Foremost among the incentives to get customers to Chutney's is having customer appreciation parties. "We try to pay the customer back for what they put into the place," Smith says.

"Business is as good as it's ever been," Smith says, adding that Chutney's does do a bit more business at this time of year because of the local university. "One thing that helps us during the fall is the home football games," he says. Customers can dine at Chutney's from 5:30 p.m. to 1:00 a.m. Most items on the menu cost less than $10.



4 EAST NORTH CENTRAL

Location: Minocqua, WI
Association member: Denise E. Pitzo
Operation: Polecat and Lace
Profile: Fullservice family restaurant
In business: 9 years
Seats: 120
Meals served: Lunch, dinner

"It has been a very good spring, summer and fall for us," says **Denise E. Pitzo**, owner of the Polecat and Lace. "We depend a lot on our winters. Last year it was mild, and we were hurt." The Polecat is located in Minocqua, Wisconsin, a town that relies heavily on tourism, particularly for skiing.

"Tourism is our means of support. We don't have a lot of industry," Pitzo says. "Our summers are our best time of year. We have to turn people away in the summertime, but in the winter we wish we had a few more guests."

The Polecat has a publike atmosphere. Nearly the entire interior is made of brass and oak.

Lunch business is strong, and a large portion is carryout. "A lot of the businesspeople here work in their own business, so they can't leave work for a long lunch. They just call us, pick up their order and leave."

5 EAST SOUTH CENTRAL

Location: Kingsport, TN
Association members: Calvin Wright, Mary Ann Wright
Operation: Wrights

Country Cuisine
Profile: Cafeteria
In business: 1½ years
Seats: 250 in dining room, 125 in banquet rooms
Meals served: Lunch, dinner

The addition of banquet rooms to Wrights Country Cuisine in Kingsport, Tennessee, are the main reason business has picked up at the 18-month-old restaurant, according to co-owner **Calvin Wright**. The banquet rooms attract many church and civic groups to the cafeteria-style service.

The four banquet rooms can hold 125 people, increasing the restaurant's capacity from 250 to 375. Many of the people that first visit Wrights as members of groups often return by themselves or with their families.

Wrights Country Cuisine tries to offer customers a variety of foods. There are usually seven meats and 10 vegetables offered each day. The most popular dishes are fried catfish fingerlinks and broiled cod.

6 WEST NORTH CENTRAL

Location: Mandan, ND
Association member: Robert R. Clifford
Operation: Gourmet House
Profile: Fullservice restaurant
In business: 29 years
Seats: 135 in dining room, 130 in lounge
Meals served: Lunch, dinner

"I believe business is coming back," says **Robert R. Clifford**, owner of Gourmet House. "We had a couple of years where it was down, but the last eight or nine months things have been on an upswing."

The Gourmet House is located in Mandan, North Dakota, an area that has suffered economically because many workers were left without jobs two years ago when construction on a coal gasification plant was completed.

Business had dropped off so much that Clifford began using promotions to draw people into his restaurant. He says the most successful has been the "Dollar Burger," which is offered from 10 p.m. to midnight to increase bar tabs and late-night crowds.

The Gourmet House sits just three blocks from the Missouri River and has a museumlike atmosphere. There are five antique cars and about 70 original oil paintings spread throughout the restaurant.

7 WEST SOUTH CENTRAL

Location: Morgan City, LA
Association member: Pat Cutrone
Operation: On the Waterfront
Profile: Luncheonette
In business: 1 year
Seats: 35
Meals served: Lunch

"I've been open about a year and am doing very well," says **Pat Cutrone**, owner of On the Waterfront. She defied the odds by opening her luncheonette during an economic crunch.

The restaurant, which resembles a New Orleans cafe, is located in Morgan City, Louisiana, a town of less than 10,000. The town's economy relied heavily on the oil industry, and when the oil companies hit hard times about a year ago, so did Morgan City.

Cutrone did not let that affect her decision to become a restaurateur, however. "I never even thought of not staying afloat," she says. "I have an optimistic attitude. If you believe in something and do it, it's not going to work. But if you think, 'Times are bad; I'm going to lose this one,' you're going to lose."

While On the Waterfront only serves lunch and seats just 30 now, Cutrone looks forward to serving dinner and expanding to 75 seats.

The menu is varied. It includes popular Italian dishes such as spaghetti and Creole specialties. Hot submarine sandwiches also do well, Cutrone says. Most lunch checks are under $5.

8 MOUNTAIN

Location: Lewiston, ID
Association member: Ray Mabry
Operation: Waffles 'N More
Profile: Fullservice breakfast restaurant
In business: 5 years
Seats: 60
Meals served: Breakfast, lunch

"Business is excellent. It's always busy here," says **Bob Jessup**, manager of Waffles 'N More. "We don't have a day where people aren't waiting to get in."

The Waffles 'N More restaurant in Lewiston, Idaho, is part of a three-store chain owned by Ray Mabry. The other two restaurants are in Washington state, which is just across the Snake River from Lewiston.

"Our Belgian waffles are our specialty. We have a special recipe for our batter," Jessup says. The restaurant offers 27 different varieties. Next to the waffles, omelets, cold sandwiches and hamburgers sell best.

Lewiston's isolation forces Waffles 'N More to rely on repeat customers. Most customers come in for early morning breakfasts, which run from $3.50 to $5.00, but everything on the menu is available anytime. The restaurant is open from 5:30 a.m. to 2:30 p.m.

9 PACIFIC

Location: Oakland, CA
Association members: Robert Helm, Anita Helm
Operation: Pier 29
Profile: Upscale fullservice restaurant
In business: 17 years
Seats: 90 in dining room, 40 on patio
Meals served: Lunch, dinner

"Business is going OK," says **Anita Helm**, co-owner of the secluded Pier 29 restaurant in Oakland, California. "It's a popular place; the people that come here are like family. We are not a tourist attraction."

Pier 29 sits on the Oakland Estuary and has a decor that reflects its waterside location. The tables are doors from old boats; a mock submarine hangs from the ceiling in one room; various marine artifacts can be found throughout the restaurant.

Customers can look out the windows and watch the Park Street drawbridge in operation while eating. "Everyone likes that," Helm says.

Pier 29 is about 2 miles from most other restaurants in the area. Nearly all diners live in the bay area. Many come for the teriyaki steak. "That's the big seller," Helm says. "It must be something about the way it's marinated because it is an unbelievable seller."

In addition to steaks, scallops, lobster and crab legs are also popular dinners, Helm says.

—Tom McKeon

Dough to go

Add another item to the growing list of foods that can be purchased at drive-thrus. S. Kinder Restaurant have just opened a 65-seat bakery, restaurant and drive-thru in New Haven, Connecticut, that the owners are calling "the first bagel drive-thru anywhere."

The enthusiastic owners, Murray and Marvin Lender, are not novices to the bagel business. Their family, who formerly owned Lender's Frozen Bagels, began selling the crusty, doughnut-shaped rolls in 1927. S. Kinder's opening, however, marks the Lenders' first return to the New Haven retail scene since the family bakery was moved to West Haven, Connecticut, more than 20 years ago.

The new venture permits customers to order special takeout menu items and bakery products—including 17 varieties of fresh bagels—from their cafe. S. Kinder, which in Yiddish/German patois is an expression traditionally used to call the young "to eat," has restaurants in Orange and Hamden, Connecticut, and plans to open eight more units in 1988.

—Chain Restaurants Today

An American chef for the White House

The White House kitchen is going American. After a two-month search, Jon Hill, a native of Spokane, Washington, has been hired as the White House's next executive chef. He becomes the first American chef to lead the White House staff since before the Kennedy administration.

The 33-year-old Hill, who most recently served as the executive chef at the Westin Cypress Creek in Ft. Lauderdale, Florida, took over on October 1. His predecessor at the White House kitchen, Swiss-born Henry Haller, spent more than two decades on the job, serving under the last five presidents.

The White House's new executive chef graduated from the Greenbrier Culinary Apprentice Program in West Virginia, where he specialized in sauces and cold exhibits. He was sous chef at the Mauna Kea Beach Hotel in Hawaii for about five years, then worked at the Arizona Biltmore, another Westin Hotel, before he left to open the Westin Cypress Creek.

Hill is considered an enthusiastic professional with exceptional, comprehensive skills, especially in decorative work. His appointment has been joyfully received by American chefs. "I thought it was a fantastic choice to have an American again," says Albert Schnarwyler, chef of the Homestead, a resort near the Greenbrier.

—The Washington Post

Too much of a hit?

It looks like the McDonald's crescent moon crooner, Mac Tonight, may have sung himself out of a job. Reaction to the sunglass-wearing pitchman, who sings rewritten lyrics to the tune of Bobby Darin's 1959 hit *Mac the Knife*, was "phenomenal," says McDonald's spokeswoman Terri Capatosto. As many as 1,500 people showed up to meet Mac when he appeared at Chicago-area McDonald's restaurants.

The ads, aired nationally from late August to early October, were among the most popular on TV. Dave Vadehra, president of Video Storyboard Tests, Inc., which polls viewers on their favorite ads, says the Mac Tonight ads will claim first or second place in his third-quarter rankings. Nonetheless, McDonald's might not bring Mac back, says Capatosto.

Why not? "He distracted you from the idea they tried to persuade you about—buying dinner there," says Joe Smith, president of

Oxtoby-Smith Inc., a New York marketing firm.

"Mac is a clever idea, but the technique overwhelmed the message," says Jack Trout of Trout and Ries Inc., a marketing strategy firm. "It was pretty thin on motivation to actually get you into a McDonald's."

—USA TODAY

Colonial grog and vittles hit Manhattan

To celebrate the 200th birthday of the American Constitution, the Manhattan Brewing Company, a full-service brewery located in the Soho section of New York City, recently gave its customers a taste of Olde America. At 6 p.m. on September 17—the Constitution's official birthday—the brewery introduced a special "Colonial Cuisine" menu and tapped the first keg of "George Washington Beer."

The Founding Fathers menu, which featured culinary creations by important figures in Colonial American history, was quite a success, says manager Nick Chard. Included on the symbolically priced $17.87 menu was Mary Washington's *Chicken in Oyster Sauce*, Noah Webster's *New England Clam Chowder*, George Washington's *Lamb Casserole* and Martha Washington's *Most Delicious Ale Fritters*.

Unfortunately, however, the recipe for "George Washington Beer" did not stand the test of time as well as did the Constitution itself. The beer, adapted by brewmaster Mark Witty from an original recipe found in Washington's *An Account Book of a Virginia General*, proved a bit too authentic for today's American tastes.

—Restaurants USA
interview

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RESTAURANTSUSA

Restaurants in Transition

'88 Forecast previews changing marketplace

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2/3 Tampa, FL

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1/20 Washington, DC

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1/20 New York, NY
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RESTAURANTS USA

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Editorial office and headquarters 311 First St., N.W. Washington, DC 20001 (202) 638-6100
Chicago office 150 N. Michigan Ave., Suite 2000 Chicago, IL 60601 (312) 853-2525

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Cover photograph

PRESIDENT'S REPORT

Michael J. Grisanti, President and Chief Operating Officer
Grisanti, Inc., Louisville, KY

Industry forecast features growth

The National Restaurant Association's forecast for the foodservice industry in 1988 is included in this issue of *Restaurants USA*. The news is good—in fact, it is recordbreaking. For the first time in history, foodservice industry sales are projected to exceed $200 billion. This marks the industry's eighth consecutive year of real growth.

Of course, foodservice industry growth does not occur in a vacuum. In today's volatile financial climate, the state of the national economy must be taken into consideration if we are to understand how foodservice will perform in 1988. I refer, of course, to the stock market decline of October 19 and the concerns that unstable or steadily falling stock prices could lead to a recession next year.

Economy remains sound

I do not believe that this will occur with respect to foodservice industry sales. The Conference Board, a major business and consumer survey organization, has reported that its poll, taken immediately after October 19, indicates consumer confidence in the overall economy dipped only slightly as a result of the stock market crash. General economic indicators remain strong. Unemployment is at its lowest in seven years, and major corporations, with only a few exceptions, are reporting quality earnings. Furthermore, there is talk that the federal reserve may lower its discount rate, and banks have lowered their prime rate in recent weeks. And in 1988, barring unforeseen legislative changes, the effects of the 1986 tax reform act will be felt, which will mean lower tax rates for many individuals and companies.

When viewed together, all of these factors indicate the underlying strength of the economy remains sound. That is why we are predicting real foodservice industry sales growth for 1988 of 2.9 percent—to $213.5 billion.

Talk about your success

Let me add that there is something to be said for a self-fulfilling prophecy. If we all work together, we can help further industry sales growth by constantly promoting the fact that sales are growing and that business is good. As opportunities arise for you in conversations with customers, colleagues and other business leaders, I ask you to join me in emphasizing the continued growth of our industry. It is in our mutual best interest to influence public perception.

INFO 88 is fast approaching

It's not too late to register for INFO 88, January 24-26, 1988, at Miami's Fontainebleau Hilton. This is the only national industry conference geared exclusively toward the independent operator. Attendees in past years have come away with a multitude of ideas on how to build their businesses as well as invaluable contacts. Contact the association's Educational Foundation at (800) 424-5156 to register.

Dates set for Monterey Wine Festival Vintage '88

And it's not too early to make plans to join us in beautiful Monterey, California, for the Monterey Wine Festival Vintage '88, March 20-22, 1988. Renowned as the biggest, best and oldest wine festival of its kind in the country, the Monterey Wine Festival is a harvest not to be missed. Now under its second year of National Restaurant Association sponsorship, the festival is filled with ideas for operators who recognize the profitability of wine service and who want to learn wine merchandising techniques. Watch your mailbox and upcoming issues of *Restaurants USA* for more information about the Monterey Wine Festival or contact festival headquarters at (312) 853-2525.

It is my pleasure to welcome new members who joined the National Restaurant Association in November. Your participation in the association will benefit your business and will make the association more effective in its representation of the foodservice industry.

Sincerely,

Michael J. Grisanti
President and Chairman of the Board

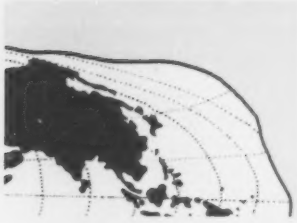
RESTAURANTS USA

COVER STORY: 1988 FORECAST

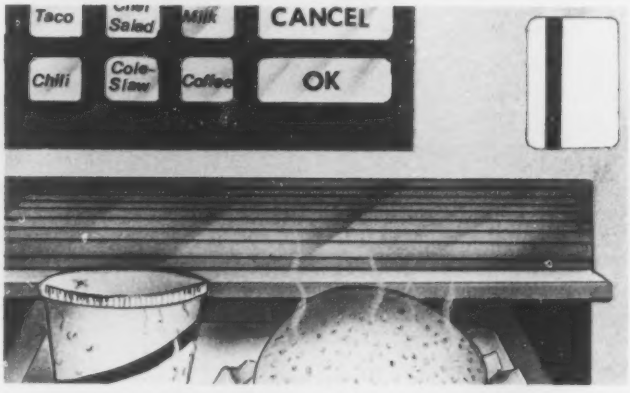
21

As the foodservice industry matures, operators are on the lookout for new avenues for growth. The 1988 forecast, with a detailed analysis of consumer, demographic, regional and economic trends, presents ideas to help restaurateurs adapt to the changing marketplace.

SPECIALS



9 Regional ethnic food
Responding to consumers' increasingly adventurous palates, restaurateurs are creating sophisticated ethnic dishes with distinct regional flavors, such as entrees from Alsace, Tuscany and Galicia.



11 Fast food—no cash
The "cashless" society is becoming a reality in the fast food segment as operators experiment with automated teller machines and credit cards.

14 Hotel food: a bigger part of marketing
Hotel food and beverage service is no longer just an in-house amenity. It has become a profit center.

18 Home delivery services for independent tableservice restaurants
Capitalizing on the booming takeout market, new businesses are springing up to provide customers with food from a number of "client" restaurants.

DEPARTMENTS

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SHORTORDERS

Educational Foundation announces fund in memory of McGuire

The Board of Trustees of the Educational Foundation of the National Restaurant Association has announced the establishment of an educational fund in memory of James T. McGuire, late trustee of the Educational Foundation and past president and chief executive officer of the Canteen Company, a division of TW Services, Inc.

The memorial fund has been established as a permanent fund, with interest from the fund to be used for supporting educational services and fostering education and training in the foodservice industry.

McGuire, who died at age 69 on October 29, served on the Educational Foundation's Board of Trustees for several years.

He began his business career with Canteen in 1940, interrupting it for military service in World War II. McGuire rose through the ranks of Canteen, being elected president and chief executive officer in 1981. From 1984 until his death, he was vice chairman of the company.

James T. McGuire

Those wishing to contribute to the fund should make checks payable to The Educational Foundation of the National Restaurant Association, 20 N. Wacker Drive, Suite 2620, Chicago, Illinois, 60606. Please designate contributions for the James T. McGuire Memorial Fund. Contributions are tax deductible.

1988 American Seafood Challenge

The nation's most outstanding professional seafood chefs will gather in Charleston, South Carolina, March 2-5, 1988, for a toque-to-toque cook-off to determine "America's Best Seafood Chef" in the second annual American Seafood Challenge. Cosponsored by the U.S. Seafood Industry, the

February is meat month

The American Meat Institute (AMI) has designated February as National Meat Month. For restaurateurs who want to take this opportunity to promote meat dishes, the AMI has created a meat merchandising kit which contains details on how to increase sales of beef, pork, lamb, veal and processed meats. For more information, contact: American Meat Institute, P.O. Box 3556, Washington, DC 20007, (703) 841-2400.

Lowfat menus are getting another public boost

The National Cholesterol Education Campaign (NCEP) unveiled newly developed guidelines for the identification and treatment of people with high blood cholesterol levels. Sponsored by the National Institutes of Health, the federal panel that developed the guidelines was made up of prominent physicians and health professionals. They recommended all adults be tested for high blood cholesterol at least every five years. Those with elevated levels (over 200 mg/dl) should be treated, initially, with dietary intervention and, if necessary, further with drugs.

Panel members maintain that if physicians follow their guidelines when treating patients, the number of people developing heart disease, currently the leading cause of death, will be substantially reduced.

Because an estimated 25 percent of adults are candidates for dietary intervention, more and more of the dining public will be looking for lower-fat menu choices.

The following are the panel's recommendations for foods that can be safely eaten away from home: "Order entrees, potatoes, and vegetables without sauces or butter. When meat exceeds the size of a deck of card (3 to 4 ounces), the rest can be taken home for another meal. Choose vegetable or fruit salads, and ask for salad dressing to be served on the side; use dressing sparingly. Limit high-fat toppings, such as bacon, crumbled eggs, cheese, sunflower seeds and olives—the latter two because they may be high in fat and salt. Ask for margarine instead of butter, and limit amounts of margarine used on bread and baked potatoes."

Electric utilities offer moneysaving video

The Electrification Council (TEC) has released a 12-minute video that provides restaurateurs with dozens of money-saving and profit-building ideas. The video, called "Pennies for Profit," provides an overview of several new and improved electric technologies that can increase restaurant profits.

Produced by TEC specifically for the foodservice industry, the video shows how the new generation of food preparation equipment can cut labor and material costs. Restaurateurs interested in seeing the video should contact their electric utility's foodservice consultant.

TEC is a nonprofit organization devoted to education and training in the efficient use of electrical energy.

American Culinary Federation, the Greater South Carolina Chefs' Association and the Charleston Restaurant Association, the event is expected to draw winners from 30 to 40 statewide competitions now underway.

The American Seafood Challenge had its roots in a challenge that Governor Graham of Florida made to Governor Robb of Virginia in 1984. Graham was so enthusiastic about the quality of Florida's seafood and its preparation by chefs at Florida's best seafood restaurants, that he challenged Robb to prepare a better fish chowder than Florida's best. This two-state rivalry grew into a regional competition and then became national as the American Seafood Challenge.

The 1988 American Seafood Challenge will be held again at historic Charles Towne landing, where a fully equipped 10-station hot food kitchen will be designed and installed. Planning and executing the activities is the Charleston Restaurant Association and the South Carolina Wildlife & Marine Resources Department's Seafood Marketing Section.

The competition is sanctioned by the American Culinary Federation which provides professional direction, rules and judges for the event. Participants in the competition are also eligible to win American Culinary Federation medals.

A $2,500 cash prize goes to the winner along with the American Seafood Challenge trophy.

For more information, contact: Clare G. Vanderbeek, National Fisheries Institute, 2000 M St., N.W., Suite 580, Washington, DC 20036; (202) 296-3428.

1987 legislative, regulatory wrapup

1987 may go down in congressional history as the year of labor bills. With Democrats in power in both houses of Congress for the first time in six years, the 1987 labor agenda captured the nation's attention from the time the 100th Congress opened its doors in January.

Issues which had been pushed to the back burner during the Republican's 1980-1986 Senate tenure—minimum wage, plant closings and polygraph, among others—moved to the front burner this year.

Budget deficit fuels the fire

Huge federal budget deficits have exacerbated the situation, steering a Congress intent on finding solutions to social problems toward programs whose costs could be picked up by the private, rather than the public, sector. Minimum health care legislation, mandatory parental/medical leave bills and occupational risk notification are several examples of this trend.

Deficit problems are also forcing Congress to consider more and more belt-tightening measures. Of chief concern to the foodservice industry is a provision in the FY 1988 budget bill that would force restaurateurs to pay Social Security (FICA) taxes on all reported tips, a move that the administration says will bring an extra $200 million into the nation's coffers each year. As this *Restaurants USA* went to press, the FICA issue was still tied up in ongoing budget negotiations.

National Restaurant Association President Michael Grisanti testified against the FICA-on-tips proposal at a March House Ways and Means Committee hearing.

Employer lobbying checks Democratic progress

The National Restaurant Association, along with other employer groups, has doubled its efforts to convince Congress that unchecked federal interference in the private sector could cripple U.S. businesses. This aggressive business lobbying has helped to slow Democratic progress in pushing labor proposals through Congress.

While Congress appears to be giving lengthier consideration to pending labor legislation, the real test will come during the 100th Congress's second session, in 1988, when the proposals that have slowly been advancing through hearing and "markup" stages find their way to the House and Senate floors. At this time, grassroots lobbying by restaurateurs will be critical.

Status of pending issues

Polygraph ban. On November 4, the House voted 254-158 to prohibit most private employers from requiring job applicants or employees to take lie detector tests. Under the bill, employers could face fines of up to $10,000 for violating the ban. Fines of $100 a day could also be levied against employers who failed to post notices explaining the ban.

The Senate has not yet taken up polygraph legislation. Chances for Senate passage, however, look more favorable than in the past because Democrats now control that chamber.

Occupational risk notification. In mid-October the House passed legislation creating a new federal bureaucracy to monitor and notify U.S. employees of work-related health risks. Employers would be required to pay for medical monitoring of notified employees and, if necessary, transfer the employee from a high to a low-risk setting.

Senate Democrats have put occupational risk notification legislation on their "wish list" for 1987.

Advance notice requirements for plant closings. The trade bill approved by the full Senate in July contained a provision requiring businesses to give up to 60 days advance notice to em-

ployees in the event of shutdowns or mass layoffs. The provision, although aimed primarily at the manufacturing industry, covers all employers with more than 100 full-time workers.

Because House-Senate conferees had postponed consideration of the trade bill until budget negotiations were complete, the fate of the advance notice requirements is uncertain. Although the House trade bill did not address plant closings, House members seemed to favor the provision—earlier in the year, the House labor panel had approved even more stringent notice requirements.

FICA on tips. Bowing to political pressure to raise money, House tax writers voted in October to include in their FY 1988 budget bill a requirement that employers pay Social Security taxes on all reported tips. The Senate tax committee, however, did not include the FICA-on-tips proposal in its budget bill.

The fate of the issue hung in delicate balance as this magazine went to press. House, Senate and administration representatives sought to reach a compromise that raised enough revenue to stem worries about the federal deficit.

Minimum wage. H.R. 1834 and S. 837, introduced in March, would raise the minimum wage to $4.65 over three years. Beginning in 1991, the wage would be adjusted annually to keep it equal to 50 percent of the average hourly rate earned by private, nonsupervisory workers.

Proponents of an increase argue that the wage, which has stood at $3.35 an hour since 1981, can no longer adequately support even a family of two. Opponents argue that minimum-wage increases displace marginally attached workers and deny them the opportunity to get the experience a minimum-wage job affords.

The association testified twice this year against minimum-wage increases before congressional subcommittees. Observers predict that the issue will come up for floor votes in early 1988.

Minimum health benefits. Citing the fact that 70 percent of all uninsured Americans either work or are dependents of workers, Sen. Edward Kennedy (D-MA) introduced legislation requiring all employers to provide comprehensive health care benefits for workers and their dependents. The bill, S. 1265, was scheduled for "markup" by the Senate Labor and Human Resources Committee in early December. Sen. Kennedy had held only two hearings on the bill which would require employers to pay 100 percent of health care premiums for any worker earning less than $4.19 per hour.

H.R. 2508, companion House legislation, was introduced in May but has not yet been taken up by committee.

Mandatory parental/medical leave. House Education & Labor Committee members approved a watered-down version of H.R. 925 during a November 17 markup session. The House bill requires employers to grant workers 10 weeks of parental leave every two years and 15 weeks of medical leave annually, with reinstatement to the same or a similar job upon return. The legislation applies to businesses with more than 50 workers; after three years, this number would drop to 35.

Testimony offered by the association earlier this year on S. 249, companion Senate legislation, underscored the association's opposition to any kind of mandated benefits proposal. These proposals, the association argued, are drastic and irreversible steps into an area where the federal government has not proceeded in the past.

In the Senate, S. 249 is still being considered at the subcommittee level.

A review of other activity in 1987

Immigration policy. I-9 forms became a familiar sight in restaurants when the new immigration law went into effect in June. For the first time in U.S. history, employers are required to verify that all workers hired since November 6, 1986, are authorized to work in the United States.

In October, the Immigration and Naturalization Service levied its first fines against employers accused of knowingly hiring illegal aliens. The Service has announced it will begin randomly auditing employers to verify compliance with the new law, concentrating on employers in industries with a history of hiring illegal aliens.

INS has visited 250,000 employers to explain the hiring/recordkeeping requirements of the new law, and it plans to conduct a million such visits by June 1988.

Continued health care coverage. In June, IRS released regulations implementing "COBRA," the new law requiring employers to offer health care coverage at group rates to certain former employees, their spouses and their dependents.

The stringent IRS regulations generated more than 1,000 comments from employers decrying COBRA's complexity and harsh penalties. The National Restaurant Association submitted comments on the proposal, and it is now monitoring and encouraging congressional attempts to "fix" certain aspects of COBRA.

Hazard communication standard. In September, the Occupational Safety & Health Administration (OSHA) published a proposed rule bringing all employers under the purview of the Hazard Communication Standard (HCS) by May 23, 1988.

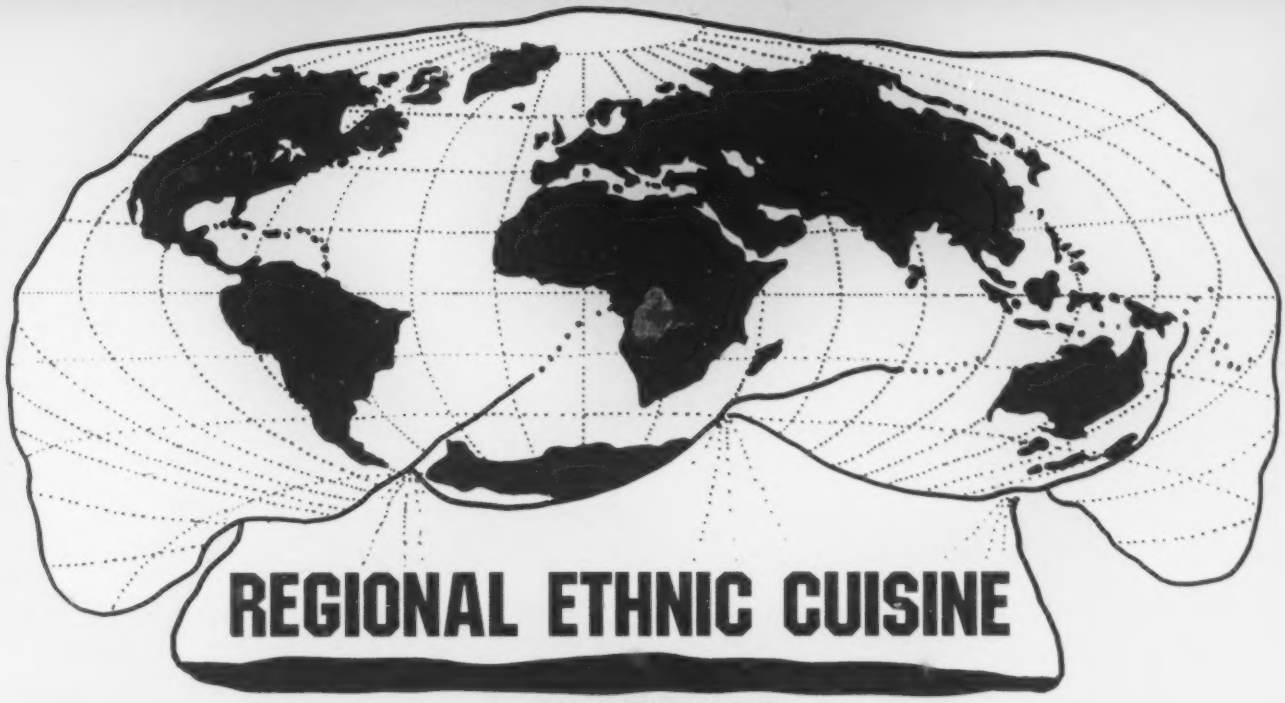
HCS requires employers to maintain lists of hazardous chemicals in the workplace and develop an information and training program to convey to all employees specific hazards, protective measures and emergency procedures. In restaurants, "hazardous chemicals" could include such products as pesticides, detergents and sanitizers.

The association has submitted lengthy comments to OSHA asking to be categorically exempted from HCS's coverage.

Drinking age. In a case brought by South Dakota and eight other states, the Supreme Court ruled in June that Congress could legally withhold federal highway dollars from states that refused to raise their drinking ages to 18.

Check holds. This summer Congress cleared legislation to end the so-called "float game" played by banks, requiring banks to make funds from local checks available within one business day and from non-local checks within five days. The requirement goes into effect in three years.

—Denise Roach



REGIONAL ETHNIC CUISINE

by Claire Regan, R.D.

Treat your patrons to an adventure in travel that goes beyond the capitals of Paris, Rome, Madrid and Beijing into the outlying regions of Alsace, Tuscany, Galicia and Fakien. How? By expanding your ethnic cuisine offerings from classical dishes to regional specialties. Traditional dishes, such as coq au vin, lasagna, gazpacho, and sweet and sour pork are giving way to local favorites like cassoulet, *quaglie con fagioli al fiasco* (quail with warm bean salad), *changurro* (crabmeat sauteed with sherry and brandy) and stir-fried fresh squid.

The regional cuisines have always been there, of course. It's the consumer who has changed. Americans are becoming increasingly sophisticated, and their awareness is growing. Itinerant tendencies seem to be contributing to the shift. "My patrons request specific regional dishes that they discovered while traveling in Italy," explains Rene Guzman, owner of Bosco's Ristorante Italiano (96 seats, Atlanta), who employs a chef from southern Italy. Ramon San Martin, chef-owner of Cafe San Martin (75 seats, New York), agrees. "Spanish paella has been popular in America for years, but Americans are beginning to realize there are regional variations of the dish." San Martin now features four to five different types of paella in his Spanish cafe that features Basque specialties.

Others argue that Americans simply know more about food in general and are less reluctant to try new flavors and unfamiliar ingredients. A spokesperson from Food and Wines from France, an association that promotes French cuisine, speculates that the emergence of American regional cuisine is partially responsible for our receptivity to regional foreign food. "I think the regionalization of American cooking has made people realize it exists in other countries as well," she explains. Certainly the trend has been evident in Italian restaurants that have shifted from a national emphasis to a northern and southern distinction and finally to regional foods and cooking styles. Typical of the new focus is Il Cantinori, a 100-seat restaurant in Manhattan. To chef and co-owner Pino Luongo, who has a background in literature and philosophy, presenting food from his native Tuscany is almost a matter of pride. "I think it's important to understand a region, its dialect and its values. Classical Italian cooking neglects the most important ingredient, the regionalism, which is necessary to preserve the character and integrity of the dish," he explains.

Immigrants present "authentic" dishes

Luongo believes his native Tuscan cuisine has universal appeal because of its simplicity in flavor and taste. "A variety of seasonal ingredients is the basis of Tuscan food. Lamb, artichokes and asparagus are signs of spring. The summer brings seafood simply broiled with sage, rosemary and thyme or poached in wine with olives and capers. Grilled game, soups and stews are characteristic of the fall and winter."

Are customers receptive to the shift? Yes, says Florence Lin, a 25-year veteran cooking instructor at the China Institute in New York. Lin has noticed an increase in attendance at her regional cooking classes over the past few years. "The interest is picking up," Lin reports. "My classes at the institute were small at first, but attendance is growing, as is the interest in the specialty dishes of the regions." Ramon San Martin agrees. "When I started my cafe 10 years ago, people had never heard about the Basque menu items," he recalls.

Food and Wines from France has been promoting regional French cuisine in various hotels around the United States. Their spokesperson explains the success of their promotions. "People don't always want a fussy, beautiful plate, which is probably why French country food is so popular. It's food that is heartier and more simple than the familiar classical French cooking. Foods from the Alsace region require long, slow cooking. *Choucroute Garnie a l'Alsacienne* is an earthy peasant dish of pork, sausages and sauerkraut. It is

Claire Regan, R.D. is research manager/nutritionist for the National Restaurant Association.